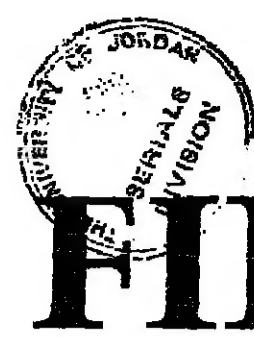


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FINANCIAL TIMES

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Page 19

FT No. 31,251
THE FINANCIAL TIMES LIMITED 1990

Friday September 14 1990

D 8523A

World News Business Summary

Soviet blast emits cloud of toxic gas near borders

An explosion at a Soviet nuclear fuel factory has injured several people and released a cloud of toxic gas in a region close to Soviet borders with China and Mongolia, the Soviet news agency Tass said. Page 20

Troops break siege

Sri Lankan troops stormed ashore from a flotilla of rubber dinghies to break a two-month siege of a colonial fort at Jaffna, a stronghold of Tamil separatists. Page 4

New era in relations

The Soviet Union and West Germany initiated a treaty on co-operation, underpinning the new relationship between the once bitter adversaries. Page 20

Jumbo near-miss

A fully laden Australian jumbo jet missed colliding with a US Air Force Galaxy freighter by less than 50 feet (16 metres) as it flew over the holiday island of Phuket in Thailand. Page 20

China expects thaw

China said it expected troubled relations with Vietnam to improve now that an apparent solution to the Cambodian impasse is in place. Page 4

Souter's tough task

A Senate committee opened confirmation hearings on Judge David Souter, the Supreme Court nominee, and served notice that he will face some politically charged questioning. Page 3

Doe's men removed

The Liberian peacekeeping force evacuated 1,000 supporters of slain President Samuel Doe from his executive mansion in Monrovia, saving them from reprisal killings. Page 20

Korean talks on UN

North and South Korea agreed to hold border talks next week to discuss Pyongyang's demand that the two states join the United Nations as a single member. Page 20

S African violence

At least 53 people died during violent street fighting in the latest outbreak of violence between rival black factions in township near Johannesburg. Page 20

Soviets seek summit

President Gorbachev held out the prospect of another US-Soviet summit meeting before the end of the year. Page 6

Police force purged

Panama purged its 12,000-strong police force, retiring almost one-fifth of its officers, following a series of civil riots in which police used teargas and birdshot to disperse students. Page 3

US drug gets blame

The son of a Kentucky man who went on a shooting spree last year filed a lawsuit against the makers of Prozac, saying the anti-depressant drove his father to kill eight people. Page 20

A time to convert

The Saikoji Temple in Tokyo is today offering free grave plots worth \$8,700 to people who convert to the Buddhist sect of Tendai before they die. Page 20

Dollar falls after easier money hint by Greenspan

The US dollar fell sharply late yesterday after Alan Greenspan, chairman of the Federal Reserve, said the US central bank could ease monetary policy if a credible budget deficit reduction plan was reached. Page 20; Currencies, Page 42; Bonds, Page 25

ROLLS-ROYCE, UK aero-engine group, reported a 14 per cent increase in first half pre-tax profits to £115m (\$213m) from £101m in the first half of last year. Page 21; Lex, Page 20

RTZ CORPORATION, world's largest mining group, blamed lower metal prices for a 4 per cent drop in its net profits to \$235m (\$498m) in the six months to June 30. Page 21; Lex, Page 20

BARCLAYS, Britain's biggest bank and the largest issuer of credit cards in Europe, is entering German credit card market via a joint venture with Hertz, big West German retailer. Page 21

IMPERIAL CHEMICAL Industries' deputy chairman, Frank Whitley, called for urgent action to arrest UK's relative industrial decline. Page 20

CANADIAN Pacific is taking advantage of a recent slide in its share price to buy back up to C\$570m (\$490m) of common shares. Page 23

PIRELLI, leading Italian tyres and cables group, is to consider a closer link with Continental, big West German tyre group. Page 21

AMGOLD, holding company for the gold interests of Anglo American group, announced a \$500m (\$192m) rights issue. Page 23

WORLD BANK \$270m project in Nigeria has highlighted problems faced by small businesses in developing countries in getting access to credit. Page 4

WILLIS FABER, London-based insurance broker, is to merge with Corron & Black, US insurance broker, will go ahead. Page 21; Lex, Page 20

LAVALIN International of Canada looks to have clinched the \$1.7bn contract to build and operate a mass transit system, known as Skytrain, in Bangkok. Page 9

CANADA'S high budget deficit is a major impediment to sustained non-inflationary growth, says the OECD's latest annual report on the Canadian economy. Page 3

BRASIL is to open the computer market to technological joint ventures. Page 9

UNITED BISCUITS (Holdings), UK biscuits and snacks group, may close half of the 18 factories operated by Ross Young's, its frozen foods subsidiary, which reported a 31 per cent fall in first-half trading profits. Page 21

WEST EUROPEAN new car sales fell 3.9 per cent in August to 1.16m, confirming industry fears that demand is weakening. Page 8

ISRAELI has approved radical reforms of labour and capital markets, to help cope with a huge influx of Soviet Jewish immigrants. Page 4

Gorbachev presents radical 500-day reform plan

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev yesterday presented the Soviet Union's 16 republican parliaments, and the all-union Supreme Soviet, with the revolutionary economic plan he favours embarking on in the biggest political gamble of his career.

The radical document proposes four phases in 500 days, beginning with 100 days of emergency measures from October 1.

The plan, drawn up under the chairmanship of Professor

Stanislav Shatalin, calls for the budget deficit to be cut from the present Rbs50bn (\$140bn at the official exchange rate) to Rbs0bn to zero by the end of next year - a move which Mr Nikolai Ryzhkov, the embattled Prime Minister, claims would cause massive social unrest. Among a host of other measures the plan calls for the establishment of a stock exchange in Moscow in November, and a rapid acceleration of the progress towards a convertible rouble.

All the republics in the union now have a choice between the relatively moderate Ryzhkov plan, the Shatalin plan which is backed both by President Gorbachev and Mr Boris Yeltsin, leader of the Russian Republic, or a third alternative put forward by Professor Abel Aganbegyan, one of the original architects of perestroika.

President Gorbachev's move is intended to win the widest possible popular mandate for economic reform plans which

must inevitably cause substantial inflation, unemployment and widespread bankruptcies in Soviet industry.

The danger is that some republics may opt for the far more cautious Soviet government plan favoured by Mr Ryzhkov, leaving the union torn between two competing economic policies.

Behind the apparent confusion lies an extraordinary political manoeuvre by the Soviet leader, which could set lead to the adoption of by far the most

radical option - the Shatalin plan - to be put into effect by October 1.

Mr Gorbachev is banking on the growing hostility towards Mr Ryzhkov's government and the long-standing republican resentment of the power of Moscow.

The Shatalin plan seeks to use the drive for massive devolution of power from the centre to win approval for mass privatisation of all forms of state ownership, a revival of private property as a cornerstone of

the economy, and an attempt to switch to a market economy in no more than 500 days.

Representatives of all the republics except Estonia have already given tentative support to the plan, which insists that the union must preserve a single market, a single currency, a single banking system and a single customs system.

Details, Page 6; The end of communism, Page 18; Moscow, Bonn sign co-operation treaty; Soviet explosion releases toxic gas, Page 20.

Iveco wins majority control of troubled Spanish truck maker

By Kevin Done in London and Tom Burns in Madrid

IVECO, the commercial vehicles subsidiary of Fiat of Italy, is to acquire majority control of Enasa, the heavily loss-making Spanish maker of Pegaso trucks and buses, in a surprise move, which further accelerates the restructuring of the western European truck industry.

The agreement follows collapse of an earlier deal under which INI (Instituto Nacional de Industrias), the Spanish state holding company, was to sell an 80 per cent stake of Enasa to a West German consortium of MAN and Daimler-Benz. But the deal was blocked by the West German cartel authorities earlier this year.

Iveco took part in the original bidding battle for Enasa last year against competition from the West German truck makers, Volvo of Sweden and DAF of the Netherlands.

Negotiations had continued until yesterday with Daimler-Benz, but the Spanish Government also began parallel secret talks with Fiat.

Iveco is to take a 60 per cent stake in Enasa with an option to acquire outright control within six months.

The deal follows the takeover last year by MAN of the Austrian truck operations of Steyr and this year's planned grand alliance between Volvo of Sweden and Renault of France.

The Spanish authorities balked at selling Enasa to Daimler-Benz in the face of the West German truck maker's insistence on sweeping rationalisation measures for the loss-making Spanish truck assembly.



Garuzzo: values Enasa at \$20m

bly and components operations.

INI has been forced to accept a much lower valuation of Enasa, whose financial performance has deteriorated rapidly this year, but in return Iveco has agreed to guarantee employment levels in the company and to inject new equity and undertake an ambitious capital investment programme in Spain.

The surprise deal also opens the way for the possible assembly in Spain of Iveco trucks or Fiat cars. Mr Giorgio Garuzzo, Iveco chief executive, said the Enasa plant in Valladolid would be used to assemble Iveco or other Fiat products in the future.

As a result of the takeover Iveco will close the gap behind Daimler-Benz in the western European truck sales league (above 5 tonnes gross vehicle weight), and moves into second

WESTERN EUROPEAN TRUCK PRODUCTION (over 3.5 tonnes gross vehicle weight)		
	1989	1988
Merc-Benz	105,712	101,364
Volvo/Renault	96,773	93,856
of which Volvo	42,000	40,491
Iveco	54,773	53,364
Enasa	83,239	82,168
Seddon Atkinson	1,950	2,430
DAF	32,588	33,135
Scania	32,339	27,822
MAN (inc Steyr)	30,828	25,557
Others	15,220	17,534
Total	408,500	395,170

place ahead of the Volvo/Renault combination.

It also takes control of Seddon Atkinson, the small specialist UK heavy truck maker, which is a wholly-owned subsidiary of Enasa. Iveco took over management control of Ford's truck operations in the UK in 1986.

Under the Iveco deal Enasa, which holds around 30 per cent of the Spanish heavy truck market, has been valued at only Ptas2bn (\$20m) compared with a valuation a year ago of Ptas3bn (\$30m) in the original deal with MAN and Daimler-Benz.

Iveco is to pay Ptas1.2bn (\$12m) to acquire its initial 60 per cent holding with INI retaining a 40 per cent stake. In January the shareholders will inject Ptas2bn of new equity capital into Enasa, of which Iveco will contribute Ptas1.2bn.

US Congress critical of Japan and West Germany over Gulf

By Lionel Barber in Washington and Robert Graham in London

THE WHITE HOUSE was struggling yesterday to deflect a storm of criticism in Congress over the level of Japanese and West German support for the international effort to end Iraq's occupation of Kuwait.

Large numbers of Republicans and Democrats have launched bitter attacks against Bonn and Tokyo for not pulling their weight in the Gulf, leading to a series of Congressional votes aimed at penalising America's two richest allies.

The depth of resentment may, however, increase US leverage over European, Asian and Arab allies as the Administration presses them to contribute to a \$26bn fund to offset the cost of US military operations in the Gulf, and to compensate countries hurt by the United Nations embargo against Iraq.

But officials acknowledge that if the criticism gets out of hand, President George Bush's effort to spread the burden of financing Operation Desert Shield may be undermined. It

could also fuel US isolationist tendencies and provide ammunition for proponents of trade retaliation against Japan.

The White House singled out for criticism an anti-Japanese amendment to the defence authorisation bill which was passed by the House of Representatives overwhelmingly this week. The bill, which may not survive in the Senate, would withdraw 5,000 US troops a year from Japan unless the Tokyo Government pays the full cost of stationing the 50,000 force.

Mr Martin Fitzwater, White House press secretary, threatened a presidential veto of the defence bill. Japan had been "quite helpful" in the Gulf and other areas and "they indicate they're going to be more responsive".

Mr Mitsuaki Sakamoto, the Japanese Cabinet's Chief Secretary, countered the US congressional criticism, saying in Tokyo that the issue of American troops in Japan and helping in the Gulf crisis were separate ones.

He added: "We have been

doing our best for the effective implementation of the Japan-US security treaty, and we will continue to do so in the future."

Japan's support for multinational forces in the Gulf region has been delayed by a sharp debate over the limits imposed by its post-war "peace" constitution, which bans the use of force in resolving international conflicts.

Tokyo has pledged \$1bn towards the US and allied forces in the Gulf and a further \$2bn is under consideration in grants and other aid through the World Bank and International Monetary Fund for those countries hardest hit by the United Nations embargo against Iraq. This is against the US seeking some \$4bn from Japan.

A second flashpoint in Congress came with the news that West Germany would pay the Soviet Union over \$7bn to continue stationing Red Army troops in East Germany.

Continued on Page 20

Weekend FT

Tomorrow: Why can't 20th century opera be really popular?

Why there's more to Thailand than sex



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MARKETS

STERLING		DOLLAR		STOCK INDICES	
New York lunchtime:		New York lunchtime:		FT-SE 100:	
\$1.8765		DM1.5725		1,217.1 (-15.2)	
London:		FF5.271		FT Ordinary:	
\$1.8775 (1.9645)		SFR1.3075		1,632.9 (-10.4)	
DM2.955 (2.93)		Y136.6		FT-A All-Share:	
FF9.5 (9.515)		London:		1,032.47 (-0.7%)	
SFR2.465 (same)		DM1.5745 (1.5875)		New York lunchtime:	
Y27.75 (256.75)		FF5.2725 (5.3175)		DJ Ind. Av.	
£ index 93.7 (same)		SFR1.3125 (1.3225)		2,610.89 (-14.85)	
GOLD		Y137.3 (137.65)		S&P Comp	
New York: Comex Dec		\$ index 63.3 (63.2)		321.16 (-1.36)	
\$388.9		Tokyo close: Y137.55		Tokyo: Nikkei	
London:		US lunchtime rates		25,075.06 (-141.06)	
\$383.75 (381.5)		Fed Funds 7 1/2%			
N SEA OIL (Argus)		3-mo Treasury Bills:			
Brent 15-day OCT		yield: 7.66%			
\$31.3 (30.55)		Lang Bond:			
		50y			
		yield: 8.93%			

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AMERICAN NEWS

Brazil signs agreement with IMF

By Christina Lamb in Rio de Janeiro and Stephen Fidler in London

THE Brazilian Government yesterday signed a letter of intent with the International Monetary Fund (IMF) to a \$2bn loan, and said it would set up a reserve account into which it would pay interest due to commercial banks.

The Economy Minister, Ms Zelia Cardoso, said the 30-page agreement included no promise to restart interest payments on its foreign debt nor any predictions of inflation.

She said Brazil would not resume interest payments on bank debt until a new rescheduling agreement was reached. It would establish an escrow account for payments to banks in October when debt negotiations begin, and funds would be released when the agreement was completed, which could be by the year-end.

Brazil has not made any payments to commercial banks since June last year and its

arrears on bank debt and debt to governments totalled \$3.7bn at end-June, Ms Cardoso said. The first \$300m parcel of the standby loan was expected next month. "We will now renegotiate simultaneously with the IMF, the Paris Club and the commercial banks," she said.

The proposal for an escrow account will not please commercial bankers since it implies they will receive no

interest payments from Brazil this year. Brazil's bank creditor committee, led by Citicorp, meets on Wednesday to discuss the situation.

It is also unclear whether Brazil's statement will satisfy all members of the IMF board which must ratify the agreement before disbursements can be made. A number of directors have been pressing for a more explicit commitment to start paying interest to banks.

Canada's deficit slows growth, says OECD

By Bernard Simon in Toronto

CANADA'S stubbornly high budget deficit is a major impediment to sustained non-inflationary growth, says the OECD's latest annual report on the Canadian economy, published today.

While applauding recent fiscal restraint measures, which are expected to reduce the deficit from 3.4 per cent to 2.7 per cent of gross domestic product between 1989 and 1991, the OECD says that the policy mix has put too much of the burden of fighting inflation on monetary policy.

"This imbalance has restricted efforts to contain domestic demand while contributing to monetary conditions that are tighter than they would

otherwise have needed to be," the report says. By holding up the Canadian dollar, high interest rates have put a disproportionate burden on the goods sector of the economy. "There is a risk that holding to a restrictive policy too long could tip the economy into a sharp slowdown or recession," it adds.

However, the Bank of Canada has in recent weeks signalled some easing of its high interest rate policy. Local banks began dropping their prime lending rates yesterday from 14 per cent to 13.75 per cent, a full percentage point below the level at the beginning of August.

The OECD predicts a marked slowdown both in domestic demand and overall growth this

year. Real GDP growth is expected to fall to 2 per cent (1.8 per cent in the second half) from 2.9 per cent last year. A slight recovery is forecast for 1991, with growth climbing to 2.6 per cent.

The report predicts that business investment will remain relatively buoyant, thanks largely to restructuring caused by the US-Canada free trade pact, introduction of a new value-added tax next January and steady falls in the prices of capital goods - especially for comput-

ers. The report predicts that business investment will remain relatively buoyant, thanks largely to restructuring caused by the US-Canada free trade pact, introduction of a new value-added tax next January and steady falls in the prices of capital goods - especially for computers.

Recent economic data suggests that the downturn may be more severe than the OECD forecasts. While the report predicts a rise in unemployment from 7.5 per cent in 1989 to a peak of 8.3 per cent in the second half of 1991, the jobless rate last month took an unexpected jump to that level.

Inflation, measured by the GDP price deflator, is expected to slip to 4.1 per cent this year against 4.8 per cent in 1989. However it is then forecast to rise slightly to 4.2 per cent in 1991, due largely to the one-time impact of the new Goods and Services Tax. The OECD expects the inflation rate to cool markedly in the second half of 1991.

Judge Souter to face tough questioning

By Lionel Barber in Washington

THE Senate Judiciary committee yesterday opened confirmation hearings on Judge David Souter, serving notice on the Supreme Court nominee that he will face some politically charged questioning.

But it was unclear how forthcoming Mr Souter would be on key issues such as abortion, privacy and affirmative action during his two days of scheduled testimony.

If successful, the Souter nomination could tip the Supreme Court further in a conservative direction, though the views of the 50-year-old former Appeals Court judge from New Hampshire remain something of an enigma.

Senator Joseph Biden, Democrat committee chairman, said senators had "a duty to discover" Mr Souter's views. But this did not extend to seeking a commitment on how the judge would rule on specific cases.

Senator Edward Kennedy, who is most likely to lead a liberal Democratic charge against Mr Souter, said: "Our constitutional freedoms are too important to entrust them to justices who would turn back the clock."

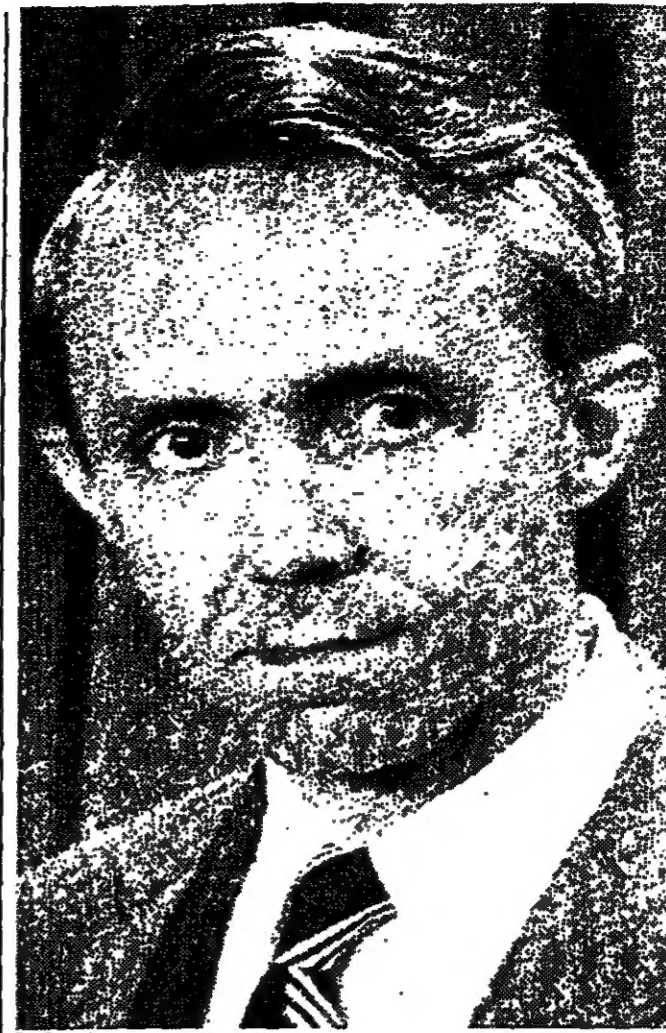
Republicans cast the nomination in broader terms.

Senator Strom Thurmond, the senior Republican on the committee, said the confirmation hearings should not include "direct questioning about sensitive issues that may come before the court."

Many Souter supporters have advised him to avoid being specific on sensitive issues such as a woman's right to an abortion. Three years ago, Judge Robert Bork, a prominent intellectual conservative, lost his bid to join the Supreme Court because of his delight in voicing controversial views, both in academic papers and before the committee.

Mr Souter may be able to avoid making any controversial statements during the hearings by saying it would not be proper for him to comment on matters he might have to rule on at a future date. Previous court nominees have taken that position.

Judge Souter, a self-effacing ascetic man who likes to listen to classical music and take long mountain walks, was chosen by President George Bush last July to succeed Justice William Brennan who served for more than 30 years as the liberal powerhouse on the Court.



Judge Souter: enigmatic

Peru rejects US cocaine proposal

By Sally Bowen in Lima

PERU will not sign a \$36m military assistance agreement with the US aimed at fighting cocaine trafficking, President Alberto Fujimori said on Wednesday.

Mr Fujimori, who had repeatedly warned he would not sign the agreement unless it included economic aid to wean farmers from growing coca, said Peru's military advisers "consider it against our interests."

Peruvian politicians have criticised the agreement, fearing it could lead to direct US involvement in a guerrilla war that has left nearly 20,000 dead since 1980.

The aid, approved by the US Congress in November 1989 for disbursement in the current fiscal year, had been intended to help out Peru's ragged and desperately underfunded army with essential clothing, equipment and rations, as well as providing training in anti-narcotics operations.

Mr Fujimori's predecessor, Mr Alan Garcia, had also refused to sign the agreement. American law stipulates that funds such as those offered to Peru be utilised solely for anti-narcotics activities. But the Peruvian army is constitutionally charged with fighting subversion and terrorism rather than the drugs trade. Anti-narcotics matters are the province of the police, although in some emergency zones, like the coca-growing Upper Hualaga valley, drugs and terrorism are inextricably intermingled.

Mr Anthony Quintan, US ambassador to Peru, announced that the US would be virtually doubling direct anti-drugs financial aid to Peru in the coming year to \$20m. This includes assistance to the Peruvian anti-drugs police and the interior ministry as well as funding for drugs awareness and training programmes.

Panama purges police force

By Tim Coone in Managua

PANAMA has purged its 12,000-strong police force, retiring almost 20 per cent of the 768 officers.

The list of 142 retirements, which was published yesterday, includes 25 officers with the rank of major or above, and follows a series of civil disturbances in which police used teargas and birdshot to disperse students protesting against the government's economic austerity measures.

The official explanation for the unexpected retirements is that the officers had served for more than 20 years, or were being retired early due to "accumulated vacation entitlement."

Unofficially however, it is thought that as social tensions rise due to the country's deep economic problems, the government has decided to purge the officers it considers unreliable.

The new national police was formed in January, shortly after the US invasion. Its members were mostly drawn from the ranks of the defeated Panamanian Defence Forces (PDF) which had formerly pledged their loyalty to General Manuel Antonio Noriega, the country's military strongman.

Gen Noriega was captured after the invasion and flown aboard a US military aircraft to Miami to face drug-trafficking charges in the US.

Carter to visit Haiti

Former US President Jimmy Carter will visit Haiti next week to consult top officials on the prospects for organising free elections even though they have been postponed. Reuter reports from Atlanta.

The trip follows a July visit to discuss international observers for elections, which had then been set for November.

El Salvador prepares for FMLN offensive

By Tim Coone in Managua

THE Government of El Salvador is preparing itself for a renewed offensive by the left-wing FMLN guerrillas should a new round of peace talks fail to produce any significant advances.

Representatives of the FMLN and the right-wing government of President Alfredo Cristiani, yesterday began their fifth round of peace talks this year, in the Costa Rican capital of San Jose.

Shortly before the meeting started, President Cristiani said from San Salvador that the Government was not prepared to cede to the guerrilla demand that both the FMLN and the armed forces be disbanded and a new police force be established in their place.

He described the FMLN negotiating position as "capricious. It has gone from more-or-less acceptable to extremist." He added that the army "is ready to confront any offensive by the FMLN."

The FMLN meanwhile are insisting that there must be a clean-up of the armed forces, and that the military's impunity to charges of human rights violations must end. An FMLN representative to the talks, Commander Francisco Jovel, said that the recent high-level shuffle of 11 officers in the armed forces and the naming of Colonel Rene Ponce

as the new Defence Minister represents "a setback" to the peace process.

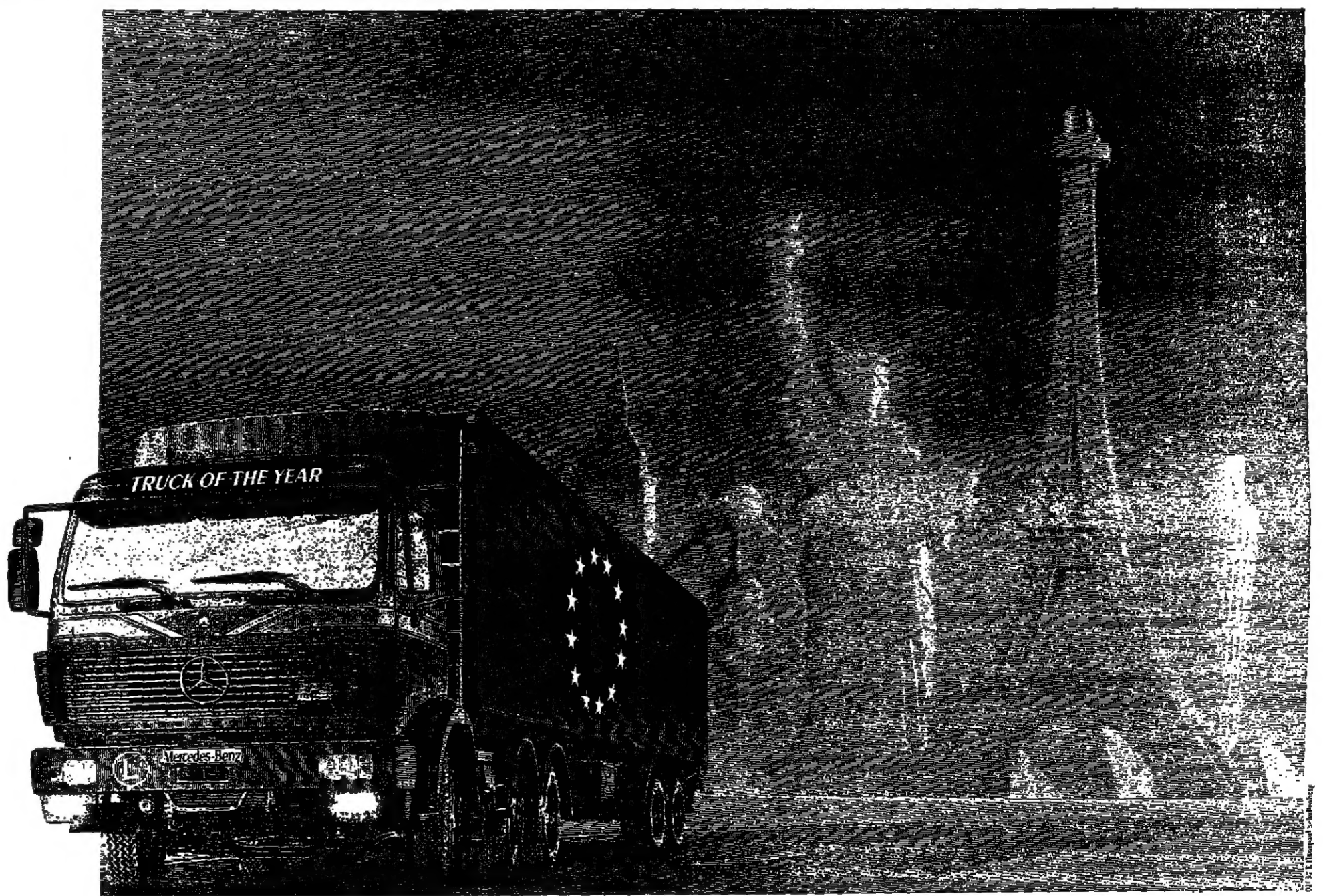
The FMLN accuses Colonel Ponce, along with numerous high-level army officers of involvement in human rights violations in El Salvador. The FMLN view has been echoed by Mr Fidel Chavez Mena, a leader of the Christian Democratic party, who described the high-command shuffle as "bureaucratic changes which do not address the heart of the problem."

Earlier this week in Mexico, FMLN leaders met with representatives of eight leading El Salvadorean political parties to discuss the peace process.

After the meeting Mr Shafiq Haidar, one of the FMLN leaders, said that the ruling Arena party was prepared to consider electoral reforms and to support a voter registration drive in time for the municipal elections scheduled for March 1991.

The FMLN is considering its participation in the elections, but only on condition that the army accepts major organisational reforms to guarantee the safety of potential FMLN candidates.

The Costa Rican talks are due to finish next Tuesday, shortly before a vote is to be taken in the US Congress on a proposal to cut US military aid to El Salvador.



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INTERNATIONAL NEWS

Singh to grasp the nettle of Punjab elections

By K.K. Sharma in New Delhi

MR V.P. Singh, India's Prime Minister, yesterday began consultations with political parties which support his minority government on the thorny issue of elections in Punjab, where Sikh militants have launched a violent movement for independence.

The consultations began after a meeting of the Indian cabinet discussed the Punjab issue and favoured early elections there - the first for more than five years. If Mr Singh's efforts are successful, elections for the state legislature will be held before November 12.

Punjab has been under President's rule - direct administration from New Delhi - since May 1987, when the local administration elected in 1985 was dismissed after its failure to check the militants.

President's rule is normally possible under the Indian constitution for only a year, but has been extended in Punjab by special amendments supported by all national parties. One reason for deciding on early elections is that a further amendment of the constitution would be difficult.

Amendments require a two-

thirds majority in both houses of parliament. Since the National Front does not command such a majority, it needs the support of Mr Rajiv Gandhi's Congress party.

Mr Gandhi has refused to hold talks on the issue unless the prime minister indicates what the government is doing to settle the Punjab issue.

Mr Singh has no plan of action. Mr Singh has visited Punjab twice and conceded some long-standing demands of the Sikhs, but this led to no improvement in law and order there.

Early elections are supported by some factions of the Akali Dal, the Sikhs' main political party in Punjab, which wants restoration of democratic institutions in the state.

However, Mr Singh's main allies, the Hindu fundamentalist Bharatiya Janata Party and the Marxists, oppose elections on the grounds that conditions in Punjab will not permit a free and fair poll. But since President's rule cannot be extended beyond November 12 without Congress support, they may be forced to agree to the elections.

Pakistan seeks help to ease Gulf shocks

By David Housego in Islamabad

THE Pakistan government has privately approached several western governments for emergency foreign exchange assistance to help offset the additional balance of payments and budgetary costs of the Gulf crisis.

Mr Sartaj Aziz, the Finance Minister, said last night that Pakistan was seeking \$500m to help offset the \$1bn a year of additional costs caused mainly by a rising oil bill and the loss of remittances from Pakistani workers in Kuwait and Iraq.

Pakistan hopes to cover the remaining \$500m through savings in oil consumption and accelerated exports, particularly of rice. Western observers feel this figure is optimistic.

The appeal made to individual western governments including the US, Japan, Britain, Canada and West Germany comes at a time when the International Monetary Fund is refusing to release to Pakistan the final SDR 78m (\$106.2m) of a standby credit until key changes in policy are carried through.

An IMF mission ended a visit to Pakistan earlier this week after failing to reach agreement with the government over measures needed to achieve IMF fiscal and monetary targets. The failure could also put in jeopardy a further SDR 108m drawing by Pakistan due as the final tranche of a structural adjustment facility.

Mr Aziz confirmed that the Fund was seeking a 40 per cent increase in domestic oil prices - or equivalent fiscal measures - to cover the additional burden to the budget of an increased oil bill. The interim government, which faces gen-

eral elections on October 24, announced earlier this week that there would be no increase in oil prices "at this stage".

Mr Aziz said in an interview, however, that the government "will have to pass on the increase in petrol prices" - indicating that a 20 per cent rise in domestic prices was possible after next month's election.

The minister said that Pakistan's macroeconomic management had been blown off course by the threat of war with India, which this year had increased the defence bill by PR\$12bn (\$293m), or 20 per cent, and most recently by the Gulf crisis. Claiming that Pakistan had earlier been on course in meeting IMF targets, he said: "An adjustment programme cannot meet two exogenous events."

As a result of the Gulf crisis, the current account deficit of \$1.9bn, or 4 per cent of GDP, at the end of the latest fiscal year in June is expected to rise by 50 per cent, or \$1bn, in the current year. At the same time the budget deficit, which amounted to 8.7 per cent of GDP at the end of 1989-90, would rise by a further 1 to 2 per cent if no compensatory measures were taken.

In Washington next week Mr Aziz is to resume negotiations over the standby credit which is due to expire on November 30. Prime Minister Ghulam Mustafa Jatoi is also currently seeking financial assistance from Saudi Arabia and the Gulf states.

Pakistan's foreign exchange reserves stand at about \$500m - equivalent to about three weeks of imports.

Israel approves radical economic reforms

By Hugh Carnegie in Jerusalem

THE ISRAELI Cabinet last night approved significant reforms of the country's labour and capital markets, designed to generate sufficient growth in the economy to cope with a current huge influx of Soviet Jewish immigrants.

The proposals, presented to the Government yesterday by Mr Yitzhak Moda'i, the Finance Minister, contain a mixture of liberalisation and incentives, financed by some tax increases. They will be followed later by revised

budgetary measures.

The aim is to stimulate an economy that has been virtually at a standstill for two years but which must now absorb annual immigration expected to total some 200,000 over the next five years.

There was resistance among ministers to a central financing measure in the plan, a proposal to apply value added tax at the standard rate of 16 per cent on fruit and vegetables and on tourist services. This did not appear to

threaten the overall thrust of the plan. Mr Moda'i must also win parliamentary approval for the measures to be put into effect.

Much of the emphasis was on promoting private investment and employment expansion by removing long-standing rigidities. The plan poses cutting unemployment benefits and limiting minimum wage entitlements. It envisages breaking a link between public and private sector wage agreements, reducing employers' national insurance contributions, and granting government subsidies for new employment.

A series of reforms in the capital markets includes dropping the percentage of funds which savings institutions are obliged to invest in government instruments to 50 per cent from around 70 per cent. Restrictions on foreign borrowing by Israeli companies are to be significantly reduced and the freedom for Israeli banks to operate in foreign currency increased.

Israeli banks will be able for the first time to guarantee corporate loans raised overseas and to make loans to Israeli companies from overseas branches. Companies will have greater freedom to borrow short-term funds abroad, ceilings on such loans will be lifted and so will taxes on the loans.

In the labour market, Mr Moda'i's plan to consolidate benefits into the minimum wage calculation, break the automatic link between the minimum wage and the average wage and sever a linkage in wage negotiations between the private and public sectors cuts across territory defended by the powerful Histadrut trade union federation.

Both domestic producers and exporters may be dismayed by proposals to cut foreign currency insurance, resist devaluation, cut import levies, abandon import licence requirements and remove within five years all non-tariff barriers. But the Finance Ministry says exposure to competition is a key element in producing sustained growth.

"There is no room for failure," said one economist. "I'm afraid there is not going to be a second chance to get it right."

Immigration tide demands urgent changes

Hugh Carnegie assesses the size of the challenge confronting the Israeli economy

WHEN Mr Yitzhak Moda'i, the Israeli Finance Minister, presented a package of economic measures to the cabinet yesterday, some of his colleagues were unhappy about individual items. But none could be in any doubt about the urgency and magnitude of the task it is designed to tackle.

Any glance at the estimates being made about what successfully absorbing the wave of Soviet Jewish immigrants pouring into the country will require of the economy is enough to dispel complacency.

First, the sheer numbers of people: this week the 100,000th immigrant to arrive this year flew in to Tel Aviv airport. The Government estimates the total may rise to 1m over the next five years - more than one fifth of the present population. "It is the equivalent of the US having to absorb the entire population of the UK within a few years."

Professor Zvi Sussman, an economist and former deputy governor of the Bank of Israel, says the economy will have to cope in the short term with a 95 per cent increase in the number of graduates coming on to the employment market and a 133 per cent rise in the number of technical professionals such as engineers and architects.

ISRAELI POPULATION	
Existing 1989	Immigrants 1990-91
Population	4,512,000
Labour force	1,553,000
Graduates	120,000
Physicians	16,000
Engineers and architects	7,200
	30,000
	40,000

Source: Israeli International Institute

Because of Israel's commitment to accept as few new immigrants as possible, the flow is not contemplated except in extreme, and would amount to an admission of failure of the state's founding mission. So the daunting projections must be faced.

The Finance Ministry reckons gross domestic product must grow by 8.5 per cent a year over the next five years; the business sector by 10 per cent. No fewer than 540,000 new jobs must be created in the same period to keep unemployment steady at its present rate of 10 per cent. Some 450,000 new dwellings will have to be built.

Exports should rise by 13 per cent a year, but even this would leave a trade deficit over five years of \$90bn (\$16bn).

This will require commercial foreign borrowings of \$12bn, with the balance to be financed through aid and fund-raising from the Jewish diaspora.

To cope with the challenge, Mr Moda'i has opted to pursue growth chiefly through accelerated liberalisation in the still heavily regulated economy - something the International Monetary Fund and the US have been urging Israel to do for some time. There is broad agreement that most of the newcomers must be put to work in the private sector if immigrant absorption of this scale is to succeed.

The government will continue to direct the absorption effort and will spend heavily in areas such as infrastructure improvements. But of the 540,000 new jobs it intends should be created, only 100,000 are to be provided in the public sector.

Thus yesterday's package was designed mainly to spur private sector growth through measures aimed at encouraging investment. Detailed budgetary adjustments are to come later. The package contained some straight inducements such as employment subsidies, but the main assault was on structural rigidities.

Proposals for the capital and labour markets are radical by Israeli standards. It is intended to release hundreds

of millions of shekels for private investment by cutting the proportion of funds that savings institutions have to invest in government schemes.

Israeli banks will be able for the first time to guarantee corporate loans raised overseas and to make loans to Israeli companies from overseas branches. Companies will have greater freedom to borrow short-term funds abroad, ceilings on such loans will be lifted and so will taxes on the loans.

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"There is no room for failure," said one economist. "I'm afraid there is not going to be a second chance to get it right."



About 150 left-wing demonstrators yesterday lie down near an office of US Aid for International Development in Manila demanding the immediate dismantling of US bases in the country. Agreement to have the bases in the Philippines is currently being negotiated.

Sri Lankan army breaks siege of fort

By Mervyn De Silva in Colombo

THE SRI LANKA army yesterday broke a two-month siege of the old Dutch fort at Jaffna, capital of the country's northern province and a stronghold of the separatist Tamil Tigers.

Eight soldiers were killed and more than 40 wounded in the fighting. A Marchetti aircraft, one of five in the island's air force, was also shot down and its crew drowned in the nearby lagoon.

General Cyril Ranatunga, Defence Secretary, said the troops "have now to take control of Jaffna city, and that will be tough going".

As many as 43 Tigers were killed in the fighting as the troops poured into Jaffna from the three islands south of the fort. The army's advance had been painfully slow since the main gateway leading to the fort was blown up by Tamil frogmen.

The army will now start to bring back the 210 soldiers and policemen who were trapped in the fort, encircled by heavily fortified Tiger bunkers. "Fighting from now on may be from street to street," said an army official.

Malaysia's gross domestic product grew at a real annual rate of 9.5 per cent in the first half of 1990 compared with 8 per cent in the same period of last year, according to Mr Daim Zaiduddin, Finance Minister. Reuters reports from Kuala Lumpur. Bank Negara, Malaysia's central bank, had earlier forecast GDP this year growing at nearly 9 per cent against 8.5 per cent in 1989.

over the toll rate. His government has now ordered a "comprehensive review" of the toll system and governing contracts, though it gave no indication of deadlines for the proposed review.

Three of those arrested - including Mr Tan Kok Wai, the area's opposition MP - were held under the Internal Security Act, which permits indefinite detention without trial; 48 others face charges for rioting.

The government's decision appears to mean the end of a current privatisation campaign with Teratai. The company, which is alleged to have close connections with the government, groups four local and two foreign investors.

The violence centred on the relatively high cost of the toll charges on the road, which runs for some 10km through Cheras, a densely populated suburb. For the vast majority of the road users who live within a 3km to 4 km radius of the toll interchange, a M\$2 (40p) daily round trip meant annual toll charges of at least M\$700 (\$140), representing 14 per cent of annual average per capita income.

Hundreds of protesters had been blocking the way to the toll plaza. Riot policemen last week responded with batons and later teargas against residents who, from the vantage point of an abandoned housing construction site, had pelted them with stones.

The government yesterday took the unusual step of admitting that there had been "negligence" in the way the toll had been introduced. However, Mr Ghafar Baba, the deputy prime minister, dismissed any suggestion of government responsibility, saying that the privatisation was concluded between Kuala Lumpur's City Hall authorities, the Public Works Department and Teratai.

A new toll rate structure will have to be drawn up if the scheme is to restart. Teratai and its group of 14 financial backers will have to negotiate a new financing package. J. Henry Schroder Wagg, the British financial group, advised on the original.

Payments to Mitsui Construction, an equity holder and civil works contractor to the still unfinished project, may have to be partly rescheduled now the project has stalled.

Collection on the Cheras Road toll constituted up to half of Teratai's total projected revenue. The official line is that were the Cheras toll charge halved, the government would incur a subsidy payment of M\$500m to Teratai.

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- How To Select A U.S. Life Insurance Company
- The 1990 U.S. Tax Guide

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China hopes for ties with Hanoi

By Peter Ellingsen in Peking

CHINA expects its troubled relations with Vietnam to improve now that an apparent solution to the Cambodian impasse is in place.

Li Jin Hua, a Foreign Ministry spokeswoman, said yesterday that Peking's links with Hanoi would "gradually improve" as the United Nations sponsored formula for a ceasefire followed by elections for a new Cambodian Government was implemented.

She said China would maintain contacts with all four parties to the Cambodian conflict, including the Vietnamese-backed regime of Hun Sen, once the framework of the comprehensive peace settlement was operating. China has been the main arms supplier to the Khmer Rouge.

Bush maintains economic embargo against Vietnam

By Nancy Dunne in Washington

THE BUSH Administration has extended for a year the economic embargo against Vietnam in spite of improving relations between the US and its former enemy, and has renewed sanctions against Cuba, North Korea and Cambodia.

President Bush was required by law to decide by today whether to lift the embargo. Congress seems to back the President's Vietnam policy, particularly the shift announced in July by Mr James Baker, the Secretary of State, when he withdrew recognition of the Vietnamese-dominated resistance coalition in Cambodia and announced that the US would begin to talk with Hanoi.

Mr Stephen Solarz, the influ-

ential Democratic chairman of the House Asian and Pacific Affairs subcommittee, is supporting the embargo extension until the settlement reached in Cambodia's future is implemented.

However, if Vietnam is seen as having played a "constructive" role in bringing about power-sharing in Cambodia, he would press for an immediate lifting of the sanctions.

Mr Christopher Wall, an international trade lawyer in Washington, said there had been a shift in the attitude of the US business community. "They see their competitors getting established in Vietnam, and the Japanese going in," he said and many are urging a lifting of sanctions.

End in sight, Page 18

Credit for small and medium scale businesses

World Bank scheme questioned

By William Keeling in Lagos

PROBLEMS faced by small and medium scale businesses in developing countries in getting access to credit have been highlighted by a \$270m (£146m) World Bank project in Nigeria. In 1988 the Bank opened a line of credit to be used specifically for such businesses but to date less than 2.5 per cent of the facility has been taken up.

World Bank officials say the slow uptake is partly the fault of commercial and merchant banks who have been reluctant to take part in the scheme. Other negative factors during

the period have been persistent high inflation and generally unattractive interest rates.

Many Nigerian bankers, however, question the suitability of the programme. The foreign exchange risk for the scheme is taken by the Central Bank of Nigeria which pays the World Bank a floating interest rate of about 7 per cent.

The central bank on-lends in local currency to the commercial and merchant banks who have to take the overall credit risk in the event of the recipient of the loan failing to repay.

Analysts believe banks consider small and medium scale companies as high-risk areas. Although 22 banks have been authorised to take part in the scheme only four have taken on new clients. And some bankers have complained that the scheme misjudges the need of the economy.

To date 11 companies have received finance under the scheme. Activities range from the manufacture of mosquito coils to mining lead and zinc ore.

The banks' high interest current accounts are a definite no, no, no, no, no.

The banks have never been what you'd call benevolent institutions.

On the contrary. These are the same people who have been known to charge customers the cost of a phone call from one of their branches to another. The very folks who slap people with a £6 fee just for stopping a cheque.

The same monuments to fairness who charge customers a rather exorbitant £5 for a copy of their bank statements.

So you have every right to be sceptical when the banks come up with a current account that pays uncharacteristically high interest.

And we wouldn't be surprised if you asked them a few pointed questions about what, exactly, these current accounts include.

Do they all give you a cheque guarantee card? No. And what about a card for cash-points? Sorry, no.

Certainly they all provide you with direct debits and standing orders? No, and, er, no.

Well, at least these bank accounts provide plenty of cheques without ever charging their customers any extra fees, don't they?

Not on your life.

In fact, do any of the banks' high interest accounts give you all of the essential services you should expect from a current account? No.

Fortunately, at Nationwide Anglia, we have a different approach.

We want to allow people who are willing to deposit large sums of money in a current account to get the highest interest possible.

That's why we've made our FlexAccount right for even more people, by adding two new tiers of interest. This way, you can earn up to 10.5% net p.a.

What's more, you won't be giving up the services you really need from a current account.

Things like a card that works in thousands of cash-points. A cheque guarantee card. Standing orders and direct debits without fees. And the ability to make out cheques until you get writer's cramp if you so desire.

Moreover, with FlexAccount you can ring our Home Banking service any time, day or night, and pay bills, check your balance or request statements.

Try calling most banks at midnight and asking them to pay a bill. You'll get a recording that kindly asks you to call back during normal business hours.

There's another helpful service FlexAccount offers you that most bank high interest accounts don't. An overdraft facility.

There are times, after all, when people need to spend a little more money than they currently have in their accounts. So we get together with customers and discuss the subject sensibly.

And if you do get an overdraft from us, you only pay interest on the amount outstanding for the days your account is overdrawn.

Assuming that you plan to have a healthy balance in your FlexAccount, here's some specific information on our interest rates.

You can now get 10.5% net p.a. on £10,000 or more and 9% net per annum for £5,000. A £2,000 balance still earns you 8% net per year.

£500 pays 6.5% net annually. And you'll receive 5% interest net per annum for a balance as low as £1 (which happens to be our minimum opening deposit).

It's obvious that if you want to earn high interest on your current account, you don't have to take no for an answer when it comes to the facilities you need.

'Ah, you say 'but isn't it an inconvenience for me to open a new account?'

Not really. More than one million people have changed to FlexAccount in just two years.

The first thing to do is call into any of our branches. We'll even provide a transfer pack that simplifies the process of changing accounts.

And once you've opened your FlexAccount, will you be getting the same kind of stingy treatment you were conditioned to expect from your former financial institution?

No, no, no, no, no.

For additional information about the advantages of changing to FlexAccount, please stop by your local Nationwide Anglia branch.

The bank will not accept instructions for direct debits or standing orders.

Or simply write today to Claire Adams at Nationwide Anglia Building Society, Chesterfield House, Bloomsbury Way, London WC1V 6PW.

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FlexAccount. We always remember whose money it is.

All interest rates quoted are net of basic rate tax. Interest paid annually. Overdrafts and cheque guarantee cards are only available to those over 18 and are subject to status. Written quotations available from Chesterfield House, Bloomsbury Way, London WC1V 6PW. Rates correct at time of going to press and may vary.

PP7

EUROPEAN NEWS

US-Soviet relations now seem closer than at any time since end of wartime alliance

Gorbachev proposes summit before year's end

By Anthony Robinson in Moscow

PRESIDENT Mikhail Gorbachev yesterday held out the prospect of another US-Soviet summit before the end of the year.

Speaking at the end of three hectic days of superpower diplomacy, he proposed that the next summit take place after the 35-nation Conference on Security and Co-operation in Europe (CSCE) expected to be held in Paris in November.

Mr Gorbachev said his talks with Mr James Baker, the US Secretary of State, had concentrated on reducing strategic and conventional weapons. The US is demanding a conventional arms reduction at the Vienna talks as a precondition for holding the CSCE summit in November as planned.

With broad agreement on the Gulf and other major foreign policy issues confirmed at the weekend summit in Helsinki, US-Soviet relations now appear to be closer than at any time since the end of the old wartime alliance.

This is also reflected in a new urgency from both sides to cement their political relations with improved trade and

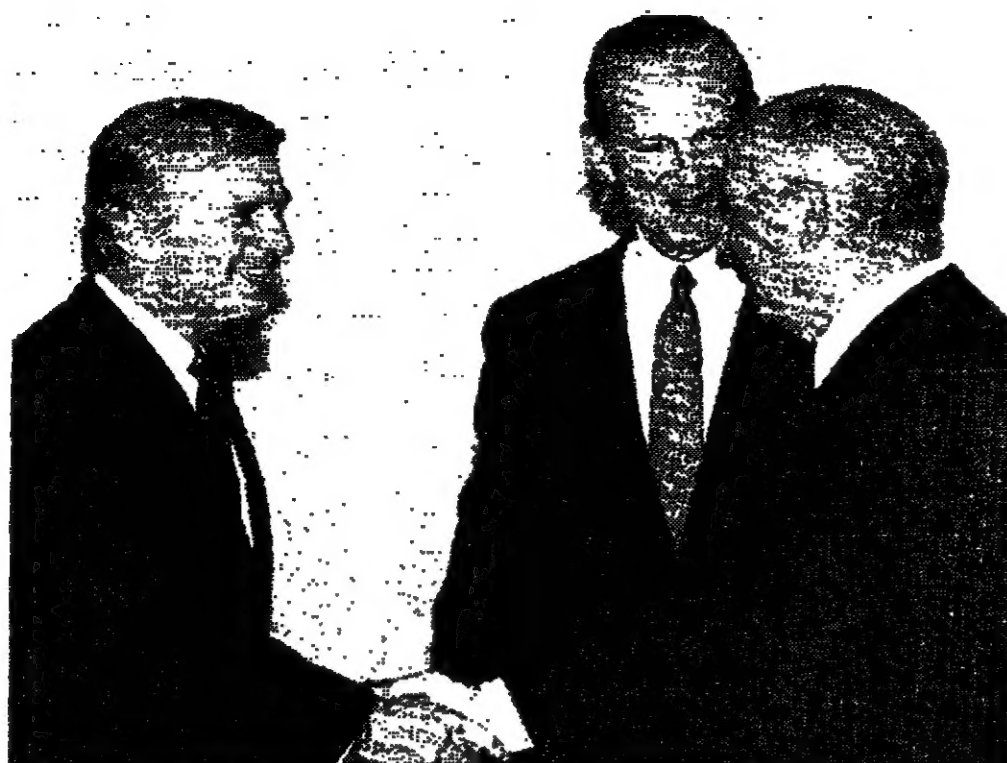
business links.

A group of 15 chief executives led by Mr Robert Moshbacher, the US Commerce Secretary, yesterday spent over three hours with Mr Gorbachev, who expressed keen interest in US investment and told them that the Supreme Soviet (parliament) would pass new emigration laws within the next two months.

That would free President George Bush to ask Congress to repeal the Jackson-Vanik amendment which has prevented the Soviet Union gaining most favoured nation status.

At the same time Mr Moshbacher urged the Soviet authorities to honour their commitments to US businessmen and eliminate arrears on trade payments which recently exceeded \$200m and are now between \$100m and \$200m.

Mr Baker left Moscow for Damascus after discussing the Gulf with both Mr Gorbachev and Mr Shevardnadze. He is due to meet Syria's President Hafez al-Assad today as part of Washington's bid to add to the pressure on Iraq to withdraw troops from Kuwait.



Mr Baker (centre) introduces Mr Moshbacher to the Soviet President

Shatalin aims to turn economy upside down in 500 days

By Quentin Peel in Moscow

THE SHATALIN group programme for the Soviet economy, named after President Mikhail Gorbachev's close adviser Stanislav Shatalin, is a revolutionary plan to turn the economy upside down inside 500 days.

In its first 100 days alone - supposed to begin on October 1, if all the republics follow the lead of Russia in backing it - it calls for a drastic restructuring of state property, sweeping land reform leading to dissolution of the giant state and collective farms, drastic cuts in the budget deficit, and a halt to virtually all subsidies for state enterprises.

By November, a stock exchange is supposed to be established, and 50-60 state enterprises transformed into joint stock companies by the end of the year.

Housing and land plots will be transferred or sold for a token price to long-term tenants, while shops and small businesses are to be sold on leasehold or freehold.

The primary aim is to bring the huge monetary overhang in the Soviet economy officially estimated at Rb160bn, or 40 per cent of all cash and savings) under control before prices are liberalised. That would begin in the second phase - liberalisation - from January to June 1991.

But the prices of up to 150 "essential goods" would be frozen, and strict rationing possibly introduced, in order to prevent the poorest from being devastated by the reforms.

The budget deficit, currently estimated at Rb50bn-Rb60bn for the present year, is supposed to be reduced to zero at the same time with potentially drastic effects for loss-making enterprises, the government bureaucracy, and the military. At the same time wages will be indexed, although the index will not include many non-essentials.

Members of the 13-strong Shatalin group, brought together by President Gorbachev and Mr Boris Yeltsin, the Russian Federation president, to work out a joint programme, admit that inflation, unemployment, and the destruction of a part of outdated Soviet industry is inevitable.

"In my opinion a mild tempo of inflation is the least painful way of transition to a market," says Professor Yevgeny Yasin, one of the leading members, who previously worked with the Government's own economic reform commission. "I think it is inevitable whether we want

it or not." The aim is to keep it under some control.

He says the programme does draw significantly on the Polish experience, but the Soviet population would not be able to suffer the same inflation rate. "Our population on the whole is much poorer than in Poland. That means that the standard of living of the greatest part of the population is already so low that it cannot be lowered."

The third phase of the programme - from 250 days to 400 days - is called "stabilisation of the market." Privatisation of state property will continue apace, with up to 40 per cent of industrial enterprises, 50 per cent of construction and transport industries, and 60 per cent of retail trade and services, supposed to be sold off by Day 400.

By then, the plan admits blandly, "recession should be expected, especially in the basic industries, construction and engineering." Professor Nikolai Petukhov, Mr Gorbachev's personal economic assistant, is convinced that the worst of unemployment can be absorbed by small businesses and the inevitable growth of the service sector.

On the other hand, Prof Yasin admits

that eventually - although over a far longer period - up to half the capacity of present heavy industries, including iron and steel, and the mining industry, will have to shut down.

Phase Three also includes the dramatic acceleration of rouble convertibility. Already, by next month, a hard currency market will be introduced, extending the present auction system. By the end of 1991, "the market rate of exchange will become the sole one."

The last 100 days are labelled "the beginning of recovery," in which the market mechanisms are supposed to begin to operate. Housing reform, a cornerstone of the plan, is supposed to encourage formation of a genuine labour market, with the abolition of the hated residence permits.

"Every support must be given to independent trade unions as defenders of workers' interests," the plan declares, as well as to associations of entrepreneurs and managers. Finance and credit policy should be eased, assuming "the development of competition, entrepreneurship and the stabilisation of prices."

Given the time-scale, that must be very much open to question.

Swedish ruling party faces tough choices as support ebbs away

SWEDEN'S ruling Social Democrats gather in Stockholm this weekend for their triennial congress amid signs that the party is losing the domination it has enjoyed for nearly 60 years.

Only about a third of the electorate supports the party. It has lost ground especially among young voters and in the cities and faces an uphill battle to recover its popularity by next September's general election.

The Social Democrats have some crucial decisions to take during the six-day congress. The 350 delegates must decide whether to drop their commitment to phasing out nuclear power by 2010. They are expected to approve the introduction of commercial television and the building of a road and rail bridge over the Öresund waterway between Sweden and Denmark, both of which have been long postponed and are likely to be resisted by a vocal minority.

Sweden's future relations with the European Community will be up for debate, although the increasingly positive attitude being taken by the party leadership towards EC membership is not expected to cause an open split at the moment.

But the main task of the congress will be to endorse a programme for the 1990s designed to revive the party as the leading force in Swedish politics. This is already arousing controversy. A growing number of rank-and-file traditionalists seem unsure what the Social Democrats stand for these days and worry about what they see as the Government's right-wing policies.

Others outside the party question whether social democracy can survive much longer in its present form. Doubts are being raised about the durability of the old ideology of equality, security and solidarity that once gave the Social Democrats their distinctive character.

The debate has been fuelled by publication of a Government-sponsored report on democracy and power in Sweden. It states bluntly that the period of Swedish history characterised by strong public sector expansion and centralised agreements between capital and labour is over.

While warning that talk of the death of the "Swedish model" is misconceived, the report suggests that the present "is characterised by individualism and the internationalisation of Sweden." It believes the country must reconcile "the desire for social security" with that for "individual freedom of choice".

The party seems to have lost much of its self-confidence. Earlier this year, Mr Ingvar Carlsson, the Prime Minister, and party ideologue such as Mr Pierre Schori, believed the emerging democracies in eastern Europe would look to Sweden in their attempts to establish a middle way of economic efficiency and social justice.

The Social Democrats have only a year to recover their popularity before the next general election, writes Robert Taylor

This has not happened on any significant scale. And, indeed, Sweden is finding itself under pressure to change as its economy becomes more integrated with the rest of western Europe. The egalitarianism of the movement lack the popular appeal they enjoyed even 10 years ago.

Whether the rank-and-file remain faithful in the midst of greater emphasis on personal choice will depend very much on the leadership's capacity to inspire. Since the murder of Mr Olof Palme in February 1986, Swedish social democracy has lacked a visionary voice. Too often Mr Carlsson finds himself on the defensive.

"The trouble with our party is that the members think we are an 80 per cent party but in fact we are in a minority and we always have been," says one of Mr Carlsson's shrewd advisers.

However, the Social Democrats retain an impressive organisational machine and their powers of recovery should not be underestimated. In the late 1980s the party found the inner strength for renewal and went on to one of its most famous election victories in 1988.

EC merger control plan flawed, says UK study

By Guy de Jonquieres, International Business Editor

THE European Community's new merger control regulation, which comes into force later this month, is seriously flawed and may need to be substantially revised if it is to have any real impact, according to a study of EC competition policy.

The study, commissioned by the Royal Institute of International Affairs, says the regulation would be more effective if the EC set up a European Cartel Office, independent of the European Commission, to enforce it.

However, it also says that any such attempt to change the workings of regulation, which were agreed only after lengthy and difficult negotiations between EC governments, would be likely to face stiff political resistance.

The study, edited by Mr Peter Montagnon, World Trade Editor of *The Financial Times*, says the regulation which takes effect on September 24, suffers from a number of weaknesses:

● Its scope is severely limited by the decision to apply it initially only to mergers between companies with a combined annual turnover of at least £3.5bn or higher. That would exclude most mergers and could prevent Brussels intervening at all in mergers in niche industries such as pharmaceuticals.

● The wording of the regulation is confused and inconsistent, creating uncertainty about how far the EC should judge mergers purely on competition grounds, and how far it should take "public interest" considerations into account.

● The regulation does not go far enough to eliminate wide differences between EC countries' attitudes to mergers, or to curb the power of governments to pursue anti-competitive industrial policies.

● The Commission's procedures for administering the regulation are cumbersome, and it would be hard-pressed to reach balanced decisions within the stipulated time-scale. It would also be difficult to prevent authorities leaking information and insider trading.

The study says Sir Leon Brittan, the competition Commissioner, has adopted an uncompromising line on merger control. However, there is no guarantee that his successors in the job would be equally strict, and further institutional change is needed to entrench free competition as the guiding force of EC economic policy, it says.

The study proposes that a European Cartel Office be created to assess mergers by a purely competitive yardstick. When the office prohibited mergers, the companies involved could challenge the decisions in the European Court or apply to the Commission for exemptions.

The study also suggests that the Commission's competition directorate should have a bigger say in EC trade policy, particularly in anti-dumping cases. The directorate should be made responsible for ensuring the injury caused by alleged dumping to EC industries and for estimating the cost to consumers of imposing anti-dumping duties on imports.

European Competition Policy. Royal Institute of International Affairs/Pinter. Published by Floral Street, London WC2E 9DS. £7.95

Youths die in Kosovo clash

Two ethnic Albanian teenagers were killed yesterday in a clash with police in Yugoslavia's Kosovo province, the first deaths since about 30 people were killed in riots in January and February, Belgrade Radio said, Reuters reports.

The two died as police armed with automatic rifles raided three villages looking for weapons. Two policemen were also injured and 30 people were arrested.

Yugoslavia's biggest republic, Serbia, dissolved Kosovo's government and parliament in July after ethnic Albanian deputies to the regional assembly declared independence from Serbia.

East Germany wins interim EC deal

Interim arrangements that will allow East Germany to be absorbed into the European Community yesterday won final approval in the European Parliament, allowing them to come into force after German unification on October 3, writes Lucy Kellaway in Brussels.

On Wednesday member states agreed in an emergency session to the parliament's amendments, which granted greater power to the European Commission and less to the Council of Ministers during the interim period.

Greeks stage general strike

Several hundred thousand Greeks yesterday joined a 24-hour general strike called by the country's two biggest trade union federations to protest against the conservative government's decision to overhaul the deficit-ridden state pension system, writes Kerin Hope in Athens.

US disk drive plant planned in Europe

Seagate Technology of the US, the world's largest independent manufacturer of computer disk drives, is to build a new European factory, Mr Alan Shugart, the company's chairman, said in London yesterday, writes Michael Skapinker. Mr Shugart said Ireland was the leading contender for the plant, although he was also looking at other European countries. The factory, which will make several of Seagate's disk drive products, will start production by the end of next year.

EC decision may raise use of gas

By David Buchan in Brussels

EUROPEAN Community governments have decided, in the wake of the Gulf crisis, to encourage the use of natural gas by scrapping a 1974 EC decision designed to deter states from building gas-fired power stations.

After the first oil price shock, the EC introduced an especially cumbersome authorisation procedure for power stations using gas - then thought to be in as short supply as oil - in the hope that more coal would be burnt.

Since then, more gas than oil has been found and coal has come to be regarded as a major pollutant.

Before the Gulf crisis the European Commission had asked member governments to rescind the 1974 procedure on environmental grounds, and senior national energy officials meeting in Brussels this week responded positively.

West European car sales falter after five years of buoyancy

By Kevin Done, Motor Industry Correspondent

WEST EUROPEAN new car sales fell by 3.9 per cent in August to 1.16m, confirming industry fears that demand is weakening after five years of record sales.

In the first eight months of sales across 17 markets in western Europe were 0.6 per cent lower than a year ago at 8.43m.

Sales last month were depressed in particular by the sharp 13.4 per cent fall in demand in the UK, where August is the most important sales month.

In the first eight months, sales were lower than a year ago in five markets, led by falls of 19 per cent in both Sweden and Finland. In the UK sales dropped 11.6 per cent, and in Spain 8.3 per cent, according to industry estimates. Sales were higher in 12 markets.

In August alone new car demand was lower than a year ago in nine markets and higher in eight. New car sales are

becoming increasingly dependent on West Germany, the biggest single market in western Europe, where sales jumped by 16 per cent in August to an estimated 224,000.

The Volkswagen group of West Germany, which includes Audi and SEAT, is widening its lead at the top of the western European sales league helped by faltering sales by Fiat of Italy.

For the past two years Fiat has failed narrowly to oust VW from leadership of the European market. In the first eight months this year its sales volume has fallen by an estimated 3.6 per cent, however, and the company is being forced to lay off workers during autumn at several Italian car plants.

By contrast some VW car plants in West Germany are working extra shifts this autumn to cope with continuing strong demand. VW's share of the market has increased to 15.1 per cent from 14.9 per cent

a year ago, while the Fiat group's share has dropped to 14.3 per cent from 14.8 per cent. VW is set to remain top selling car maker in western Europe for the sixth successive year.

General Motors, the world's biggest car producer, is maintaining its strong performance in western Europe, where it is the fastest growing volume car maker. Sales by its Opel/Vauxhall subsidiaries rose by 3.6 per cent in the first eight months.

Japanese new car sales have jumped by an estimated 5.8 per cent to capture around 11.6 per cent of the western European market, compared with 10.9 per cent a year ago.

Nissan sales have fallen, as the company has been hit by the weakness of the UK market, and by the change of model generation at its UK plant, but Japanese sales overall have been boosted by strong performances from Toyota, Honda and Mazda.

WEST EUROPEAN NEW CAR REGISTRATIONS

January-August 1990

	Volume (Units)	Volume Change (%)	Share (%) Jan-Aug 90	Share (%) Jan-Aug 89
TOTAL MARKET	8,434,000	-3.9	100.0	100.0
MANUFACTURERS:				
Volkswagen (incl. Audi & SEAT)	1,420,000	+0.7	16.1	14.9
Fiat (incl. Lancia, Alfa Romeo & Ferrari)	1,351,000	-3.6	14.3	14.8
Peugeot (incl. Citroën)	1,216,000	-0.2	12.9	12.9
General Motors (Opel/Vauxhall, US & Saab)	1,112,000	+2.6	11.8	11.4
Opel/Vauxhall	1,084,000	+3.6	11.3	10.8
US & Saab	40,000	-17.1	0.4	0.5
Ford (Europe, US & Jaguar)	1,108,000	-3.2	11.7	12.0
Ford Europe	1,088,000	-3.0	11.5	11.6
Jaguar	14,000	-14.3	0.1	0.2
Renault	948,000	-1.2	10.1	10.1
Mercedes-Benz	228,000	+5.1	2.1	3.1
BMW	281,000	-5.8	2.7	2.9
Rover	287,000	-6.8	3.0	3.2
Mitsubishi	277,000	-4.3	2.9	3.0
Toyota	262,000	+4.0	2.7	2.5
Mazda	195,000	+2.2	1.7	1.7
Volvo	172,000	-7.0	1.8	1.9
Total Japanese	1,091,000	+5.8	11.6	10.9
MARKETS:				
West Germany	2,086,000	+6.9	21.9	20.5
France	1,854,000	+1.1	17.5	17.2
Italy	1,596,000	+5.0	16.9	16.0
United Kingdom	1,545,000	-11.6	18.4	18.4
Spain	719,000	-6.3	7.6	8.3

* Cars imported from US and sold in western Europe
† Includes 20 per cent import and export control of South American
Source: Industry estimates

Yugoslavia sickens from old ethnic and nationalist wounds

Laura Silber reports from Belgrade on a deeply divided society with few prospects of peaceful change

A GLOSSY booklet promoting Belgrade as host for the 1996 Olympics has been criticised by the Yugoslav capital ranks among the world's safest cities was recently ridiculed by the Zagreb newspaper *Vjesnik*.

Belgrade did not stand a chance of hosting the Olympics in 1996, wrote *Vjesnik*, because by 1996 Yugoslavia would probably no longer exist.

This bleak prognosis is not only based on the end of 45 years of Communist rule and the emergence of the multi-party system in some of the republics, it also stems from the rise of nationalism. The revival of ethnic tensions and territorial claims are eroding attempts at peaceful transition to a multi-party state.

And as Communist power weakens, the country's diverse population of 23m people is rallying around nationalist parties divided along ethnic lines. Inevitably these are coming into direct conflict.

"All sides have formulated their claims. Now we're at the stage of litigation," says Mr Srđin Popovic, a prominent human rights lawyer. The sides consist of six republics, each endowed with its own political traditions, ethnic minorities and religions. In

addition, the political goals of the republics are becoming polarised between two camps: those who want a federation and those who want a confederal structure. Both views are coloured by nationalism. For instance:

● Serbia, the biggest republic, wants to maintain the present federal structure. But paradoxically, Mr Slobodan Milosevic, its president, has done the most to sever the fragile threads with which the late President Tito bound the Yugoslav federation.

By appealing to nationalist sentiments, Mr Milosevic brought the autonomous provinces of Kosovo and Vojvodina under the direct control of Belgrade. But he wants more. He and other nationalist parties in Serbia want to extend their influence into the neighbouring republics of Croatia, Macedonia and Bosnia-Herzegovina.

● Croatia wants a confederal structure aimed at keeping Serbia, its traditional rival, at a safe distance. These sentiments facilitated the rise to power in elections last April of right-wing Croat nationalists, grouped around Mr Franjo Tudman, the republic's president. Their election manifesto was simple: in view of Serbia's claims on Croatia, the republic

should become a sovereign state. Since then, relations between the new government and the republic's 600,000-strong Serbian minority erupted into violence. Croatia's Serbs fear being left defenceless against Croat nationalists, fears kindled in particular by memories of the brutal civil war of 1941.

● Slovenia, the richest republic, wants a confederation as well. Its 2m inhabitants took a step towards leaving Yugoslavia when the newly-elected parliament last July proclaimed Slovenia's sovereignty. But the republic, recently threatened with armed intervention if it exercised its sovereignty, has nowhere to go as yet.

● Montenegro, one of the poor republics in the south, for the moment supports neighbouring Serbia. But the largely Orthodox Montenegrins, who are the closest to their co-religionist Serbs, are also divided between those willing to tow the Belgrade line and those advocating greater autonomy. Elections are due later this year.

● Macedonia is in turmoil. There, nationalists are capitalising on growing popular frustration with increasing poverty, low incomes (about half



the Yugoslav monthly average of \$300), and fears about the political rule which the Albanian minority might soon play in the republic. These factors are likely to drive many voters to the extreme nationalist parties when the elections take place in November.

One of these parties is VMRO, the Internal Macedonian Revolutionary Organisation, Europe's oldest terrorist group which vows an armed fight for independence.

● Bosnia-Herzegovina is also in ferment. Its diverse population is divided between Serbo-Croat speaking Moslems (39 per cent) Orthodox Serbs (32 per cent) and Catholic Croats (28 per cent). In recent months, the Croats and Serbs have each sought to gain dominance. But this has only mobilised the Moslems into becoming a political force determined to demand rights and political representation.

● Kosovo, now under Serbia's

control, is divided between an increasingly politically conscious and radicalised ethnic Albanian majority, and the Serbian authorities who refuse to devolve any autonomy to the province. The violence directed against the ethnic Albanians by the Serbian authorities was repeated yesterday. It is likely to continue as both sides dig themselves into two irreconcilable camps.

Given these diverse ethnic, political and nationalist tensions, it is difficult to see how instability or even civil war can be avoided. But two players hold the cards. One is Mr Ante Markovic, the Prime Minister, the other is Mr Milosevic.

The latter so far has concentrated his efforts on reducing inflation, introducing the external convertibility of the dinar, and reforming the banking and taxation systems in the face of sometimes considerable resistance from the republics. These efforts, however, have been overshadowed by a continuing fall in industrial production and a sharp decline in living standards.

But having founded his own political party, Mr Markovic may now try to assume the role of mediator in order to reach some compromise between Serbia, Croatia and

Slovenia. In the event of such a compromise, the 1.8m Albanians in Kosovo might be sacrificed to Serbia. Such a deal, however, is likely to lead to permanent friction between Serbia and Kosovo's ethnic Albanian community. In which case, the future of Yugoslavia rests with Serbia.

Attempts by Mr Milosevic, who changed the name of the republic's Communist party to the Socialist party in an attempt to make it more palatable to the electorate, have backfired. He is now faced with the rise of anti-Communist political movements who are more nationalist than he. He is also faced with a serious economic crisis in the republic, compounded by growing unemployment.

In an effort to regain the political initiative in his republic, Mr Milosevic last week broke all precedent. Contrary to previous statements, he said Croatia and Slovenia were not responsible for the economic and political crisis. This may signal the beginning of negotiations between these three republics on ways to build foundations for a new Yugoslavia. If not, then any bid to host the Olympics in 1996 is certainly a dream.

In Europe. And around the world.



EUROPEAN NEWS

EC hosts German 'guests'

By Lucy Kellaway in Strasbourg

EIGHTEEN East German MPs in smart new suits peered down from the visitors gallery on to the great democratic chamber of the European Parliament down below. The ranks of empty seats and the voices protesting about the new postage stamp put out by the United Nations were their first taste of democracy EC style.

To jaundiced westerners the European Parliament can appear a travelling circus whose performers never seem to do anything. Seen through the eyes of Mr Reinhard Weis, a young SPD member of the Volkskammer, the Parliament was "perfectly organised, and impressive in the way people from different countries work together so happily."

Mr Weis - who said that his ambition was to become an MEP one day - was particularly impressed at the warm welcome. A similar reception was not accorded to all his East German colleagues. French MEPs pointedly declined to refer to the extra members as colleagues, calling them guests instead.

The party of 18 who attended this week's session may have been mere observers, but their presence highlighted the difficulties ahead if a united Germany is to get the extra MEPs that its population suggests.

Despite opposition from some French MEPs the Parliament is keen to have more Ger-



The interim arrangements to allow East Germany to be absorbed into the European Community yesterday cleared the final hurdle of approval in the European Parliament. The measures now come into force after October 2.

On Wednesday member states agreed in an emergency session to the Parliament's amendments, which granted greater power to the European Commission and less to the Council during the interim period. The package was approved by the Parliament yesterday in a second reading.

man representatives as soon as possible. Already it has agreed that an unspecified number of observers can participate in Brussels Committees and at the Strasbourg plenary sessions, although they will not be allowed to vote.

The Parliament has left it up to East Germany to decide on how many observers to send, and 18 has been hit upon as a fair compromise, although this would leave Germany worse represented than most other member states.

Securing a permanent increase in the number of deputies will be more difficult. The Parliament may be in favour, but the decision is in the hands

of member states, which need to agree unanimously to change the Treaty of Rome. West Germany can argue that with a larger population than either France or Italy it is already discriminated against as each of the three countries have 51 deputies.

Other member states, however, are sensitive on the issue of Germany increasing its power in the Community, and are likely to have grave doubts about an increase in the numbers of its representatives. It is perhaps lucky that the next European elections are not until 1994. That gives them plenty of time to warm to the idea.

Fears of being swamped in Europe

David Buchan in Brussels and Enrique Tessieri in Helsinki on why Finland is wary of losing its voice in the face of a united Europe

FINLAND'S Foreign Trade Minister, Mr Isaksson, said that his country should not be sidelined in the talks that he and his European Free Trade Association colleagues are conducting with Brussels to create the 19-nation "European Economic Area."

"If EFTA countries are ready to swallow 50 years of past European Community decisions, it is surely not too much to ask that we have a say in future decisions affecting us," he argued.

The necessity for Finland, and the rest of EFTA, to have a real voice in decisions and laws governing the EEA free trade zone is considered paramount by all political parties in Helsinki. So far, the Government and opposition are in broad agreement about the lack that Finland should take in the EEA negotiations.

But the political consensus could yet fall apart. The negotiations will come to a crunch just as Finns enter the campaign for elections next March that will focus on how the country balances its hard-won sovereignty with its need not to move closer to Europe's emerging single market.

Mr Esko Aho, leader of the Centre Party, the main component of the opposition whose traditional support is agrarian

and economically nationalist, says Finland must retain sovereignty, which he defines as "a free hand to make decisions." This is particularly vital for small countries which do not have the clout of larger countries, whether in the EC, EFTA or the putative EEA arrangement.

The Centre Party has no quarrel with the "free trade" concept of the EEA, which attempts to add the free circulation of capital, labour and services to the free circulation

to speculate publicly on this. "But, come the late 1990s, it would be very odd if countries like Hungary and Czechoslovakia were in the EC, and we Scandinavians still out," said Mr Ilka Suominen, Industry Minister and president of the Conservatives, one of the two main parties in the ruling coalition.

He pointed out that President Mikhail Gorbachev made clear that he would have no objection to Finland filing an application with Brussels when

For the Government and the business community, however, the world is changing and with it Finland's neutrality.

of goods that exists between the EC and EFTA. But it has "supranational" nightmares about how the EEA might work in practice, with the Helsinki parliament having to rubber-stamp decisions taken in Brussels and foreigners free to buy up Finnish forests.

For the Government and the business community, however, the world is changing and with it Finland's neutrality. A recent poll of Conservative Party members showed a strong majority in favour of joining the European Community. The Government refuses

he visited Helsinki last autumn. Pushing Helsinki in the same direction, are Moscow's moves to end its long-standing semi-barrier arrangements with Finland.

The business community is bolder in its predictions. Mr Björn Wahlroos, deputy chief manager of Union Bank of Finland, forecasts EC membership for Finland in five years' time. "So, we might as well apply now," he said, on the assumption that the EC becomes more than a fairly loose federation of states.

Greek workers in protest over state pension

By Kerin Hope in Athens

SEVERAL hundred thousand Greeks yesterday joined a 24-hour general strike called by the country's two biggest trade union federations to protest at the conservative government's decision to overhaul the deficit-ridden state pension system.

Traffic jammed central Athens as public transport halted and strikers demonstrated outside the Economy Ministry. Flights by Olympic Airways, the state-owned carrier, were cancelled, and the public power company warned of blackouts later in the day.

Trading was called off at the Athens Stock Exchange, where administrators belong to the powerful civil service union federation, Aedys.

The Greek Labour Confederation, the other union behind the strike, claimed it was "90 per cent successful", although private employers said participation was low. With a 48-hour general strike already planned for next week, the unions appeared poised for a prolonged confrontation with the government over the pension issue.

Mr George Souflias, the Economy Minister, has postponed presenting the new measures to parliament for several days in response to a request by the unions for further talks. But he told the strikers that only minor changes would be made to the pension bill. "The entire state pension system faces collapse," he said.

The reforms are essential so that we can go on paying pensions. The budget deficit for health and pension outlays this year will amount to 8.3 per cent of Greece's gross national product, according to the government.

The reforms will raise the pensionable age to 58 for women and 60 for men by 1998.

At present women are entitled to a pension at the age of 35 after only 15 years of work, while men can retire at 45 after 25 years on the job.

Belgrade to curb spending

By Laura Silber in Belgrade

YUGOSLAVIA will conduct a restrictive monetary policy in the fourth quarter of this year because public spending has exceeded planned figures.

"The money supply grew by 21bn dinars (\$1.9bn) in July and August, which was the figure the National Bank of Yugoslavia (NBY) has targeted for the end of the year," Mr Ranko Benovic, general director for monetary policy of the NBY, said earlier this week.

Mr Benovic said recent monetary policy was aimed at bringing down inflation and maintaining a stable exchange rate for the dinar.

Yugoslavia has built up \$10bn in currency reserves and since 1987, has reduced external debt by \$5bn to \$17.4bn.

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Korea Growth Trust Notice to IDB holders

In accordance with Clause 4 of the second schedule of the trust deed of the Korea Growth Trust (the "Trust Deed") and Clause 31 of the trust deed and Clause 7 of the first schedule to the deposit agreement for the Korea Growth Trust, we hereby publish to the IDB holders and the IDB holders the notice of holding of the meeting of the IDB holders as follows:

Place of meeting:
Hong Kong Representative Office
Citibank Investment Trust Management Co., Ltd.
Suits 708-709, Jardine House,
1 Connaught Place, Central, Hong Kong

Day and Hour of Meeting:
11:00 am Sept. 28, 1990

The terms of the resolution to be proposed:

1. Clause 14 (a) The principal investment of the Trust into equity and equity-related securities shall be limited.
2. Clause 14 (b) (i) The voting on the Trust's equity holdings in the portfolio shall be eliminated and the Manager shall be allowed to invest up to 10% of net asset value of the Fund in fixed assets.
3. Clause 19 The following language will be changed reflecting the following:
(a) The Manager will exercise his right to nominate all Council members.
(b) The functions of the Council will be adjusted in conformity with other current investment management trusts in Korea, including review of the Manager's performance, provision of advice regarding the investment policy of the Trust, etc.
4. Clause 21 The remuneration of the Manager and the Council expenses shall be changed as follows:
(a) The remuneration of the Manager shall be reduced from 1.25% to 1.05%.
(b) The Council expenses shall be paid out of the fund at the rate of 0.15% of net asset value up to 100 billion won, 0.1% of net asset value in excess of 100 billion won and 0.05% of net asset value in excess of 200 billion won.
5. The fifth schedule of the Trust Deed shall be changed reflecting the above changes.

Attention to IDB-Holders
In your capacity as an IDB-holder, you shall have no right to attend, vote or speak at the meeting of IDB-holders. You may instruct us in writing as to the exercise of the voting rights provided by us for the purpose to the effect that such IDB has been deposited with A and is to be held in a blocked account until after the date at which the voting rights in respect of which the instruction has been given may be exercised.

Any such instructions shall be in writing and shall not be valid unless they shall be delivered to us either (i) the day before the date of the meeting of IDB-holders or (ii) by a certified letter from an agent or any other bank or depository which may be approved by us for the purpose to the effect that such IDB has been deposited with A and is to be held in a blocked account until after the date at which the voting rights in respect of which the instruction has been given may be exercised.

If, prior to the date established by us for such purpose, no instructions are transmitted in accordance with the above paragraph to Morgan Guaranty Trust Company of New York - of the fund, we may at our discretion give a discretionary proxy to a person nominated by us (but shall have no liability as a result of doing so or of failing to do so.)

September 11, 1990
Citibank Investment Trust Management Co., Ltd.
Morgan Guaranty Trust Company of New York - Branches

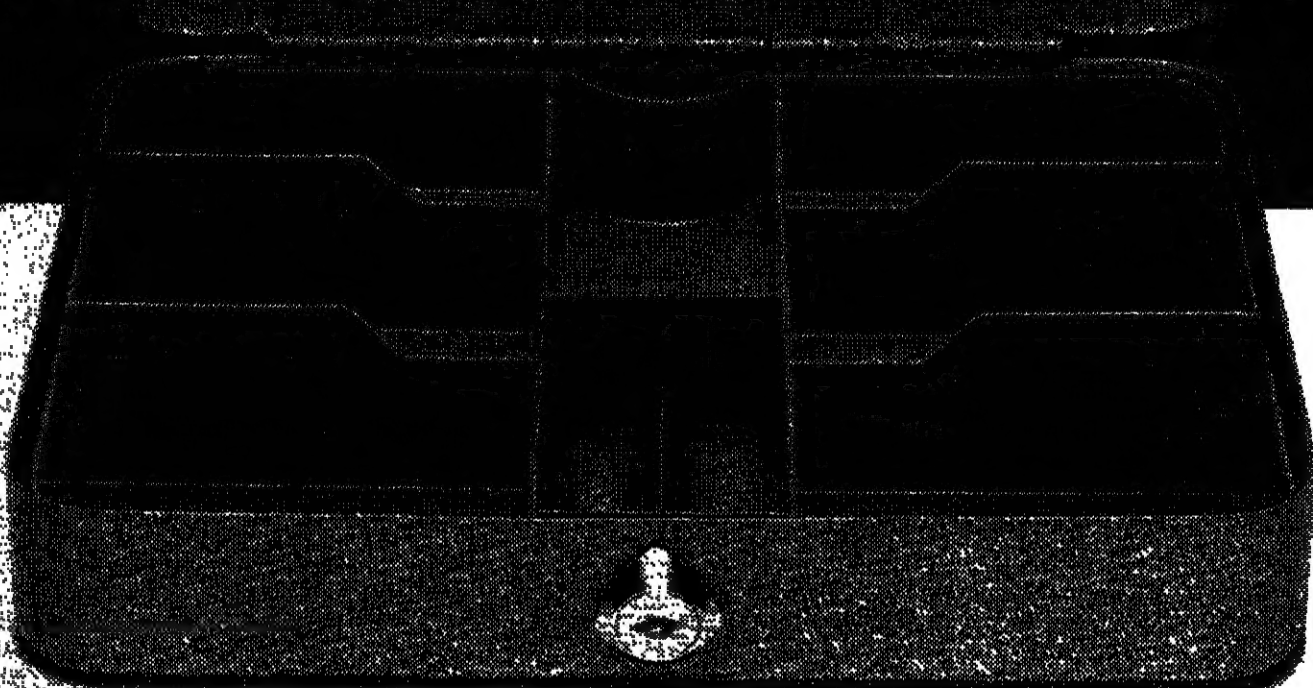
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High Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343 273	Am. Brit. Ind. (Ord.)	277	0	10.3	3.7	7.4
38 19	Amalgamated	28	0	4.3	2.4	17.2
210 135	Bardon Group (SE)	176	0	6.7	6.3	-
125 96	Borg Technology	106	0	4.7	6.7	11.5
110 82	Brenhill Corp. (Ord.)	82	0	11.0	13.4	-
318 285	CCG Group (Ord.)	309	0	14.7	9.2	-
176 140	CCG Group 11% Conv. Pref.	140	0	7.6	3.5	12.9
230 140	Carbo Pk (SE)	110	0	10.3	9.4	-
110 109	Carbo 7.5% Pref (SE)	110	0	-	-	-
7.5 0.125	"Magnet Co Non-Voting A Cn"	0.125	0	-	-	-
7.5 0.125	"Magnet Co Non-Voting B Cn"	0.125	0	-	-	-
130 49	HS Group	49	0	8.0	16.3	2.8
145 58	Jackson Group (SE)	97	0	4.3	4.4	8.7
358 243	Mallin House NV (AmstSE)	248	0	11.0	7.8	4.2
158 98	Reiten Jenkins	141nd	-1	20.0	6.3	8.8
467 318	Scriveners	317	0	10.7	6.2	-
178 104	Unistrut Europe Corp. Pref.	173	0	22.0	9.7	6.1
398 227	Veterinary Drug Co. PLC	227nd	-1	14.2	4.4	38.6
398 278	W.S. Yates	267	-1	-	-	-

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WORLD TRADE NEWS

Brazil to open up computer market to foreign companies

By Christina Lamb in Rio de Janeiro

THE BRAZILIAN government is to open the country's computer market to technological joint ventures and restrict the scope of the market reserved for Brazil's information technology industry.

Dr Jose Goldemberg, the Science and Technology Minister, said that from next month foreign companies would be able to subscribe 30 per cent of capital and also bring in technology. Brazilian companies would no longer have part of the market reserved for them but instead a list would be drafted of items that would continue to receive protection up to 1992. The government intends that this will only include items with the potential to compete with foreign products.

The move is a clear sign of the Collor administration's commitment to opening Brazil to foreign competition. Information technology has traditionally been the most protected sector of the highly protected Brazilian economy but Brazilian industry insists it cannot compete with foreign imports unless it is allowed to import computer equipment freely.

Dr Goldemberg said: "Protection has been so fierce that we're at least five years behind on personal computers and these things evolve so quickly the lag is widening daily. We are in danger of missing a whole generation of computers."

Foreign computer companies see great potential in Brazil which currently buys only 120,000 personal computers a year, a tiny amount for a population of 140m and the world's eighth largest economy. Mr Allan White, regional director of Apple Computer, which is studying entering into local partnerships in Brazil, points

out that Taiwan with a population of just 24m buys 600,000 personal computers a year.

At present foreign companies have no hope of breaking into Brazil because of the rigorously enforced Informatics Law of 1984 which created a reserved market for the Brazilian computer industry. Under this the import, or foreign manufacture inside Brazil, of any computerised equipment or components produced by Brazilian companies is prohibited, which in practice means almost everything.

When the Collor government announced its new industrial policy in July ending non-tariff barriers and bringing down tariffs it was assumed this would apply to information technology too. A commission, due to report by the end of this month, was set up to investigate the ending of the Informatics Law, one of the major themes in trade relations between Brazil and the US. However, foreign computer companies recently in Rio to attend an information technology fair were disappointed to discover the government had backtracked and the law would now remain in force until it expires in 1992 though with the reserved market replaced by a list.

Dr Goldemberg, who is clearly unhappy about the situation, said: "We had no choice. The Informatics law must be changed by Congress which is clearly opposed. It's caught in the crossfire between on one side the US which wants to export computers, the motor and textile industry which complain they cannot modernise and thus compete without a change in the law, and on the other side the Brazilian computer industry which argues we're leading them to bankruptcy."

Row looming over Polish oil project

By Christopher Bobinski in Warsaw

A PROJECT aimed at developing Poland's capacity to import, refine and market oil and gas is coming under fire because it involves the participation of former senior Communist government officials.

The row comes as Poland faces the possibility that oil and gas supplies from the Soviet Union will be cut next year, forcing purchases from elsewhere.

Mr Czeslaw Nowak, a Solidarity parliamentary deputy, has attacked involvement by Poinippon, a small Polish-Japanese joint venture, in the plan to invest funds from Saudi Arabia, Nigeria and western Europe in a new oil and gas terminal in Gdansk.

Poinippon is partly owned by Mr Ireneusz Sekula, the Communist deputy prime minister who until last year was responsible for the economy, and Mr Mieczyslaw Wilczek, the former Industry Minister.

Last month, Poinippon offered to lease 500 hectares in the Gdansk port, where the oil and gas storage facilities would be built.

Mr Nowak, who is a port employee and reflects local feelings, says he has "nothing against capitalists" but that he does not want Mr Wilczek and Mr Sekula involved.

"The port workers did not struggle against these people before to find themselves working for them now," Mr Nowak told a meeting in Gdansk last week devoted to the future of the port.

Despite the criticism, Mr Jan Barcewicz, the manager of the Gdansk port, signed the preliminary agreement earlier this week with Sanbar Development Corporation, a London-based company which has been working in conjunction with Poinippon.

Sanbar has been co-ordinating the project, which, in its initial stages, would involve spending more than \$100m on expanding the port's transshipment facilities, as well as installing oil and gas storage tanks.

The project, which could have a value of more than \$3bn, includes provision for the import and marketing of propane and butane gas, as well as doubling the refining capacity of the Gdansk refinery from its current annual 3m tonnes.

The group also wants to build a chain of petrol stations, as well as a pipeline from Gdansk down to the Plock refinery near Warsaw and further south to the industrial area of Katowice.

Lavalin clinches Thai rail contract

By Roger Matthews in Bangkok

LAVALIN International of Canada looks finally to have clinched the \$1.7bn contract to build and operate a mass transit system, known as Skytrain, in the Thai capital Bangkok.

Three years after the initial invitation to tender, the cabinet has decided to give the contract to Lavalin despite the clear preference by independent consultants for the rival Asia-Ruro Consortium.

Gen Chatchai Choonhavan, the Prime Minister, came out strongly in favour of the Lavalin proposal and at the cabinet meeting urged ministers to consider the political aspects of the deal as well as the financial and technical merits.

Canada has lobbied strongly for the contract and its Export Development Corporation is making \$625m available in loans, nearly half of it on highly concessional terms. The Thai government has refused to guarantee that the loan will be repaid, arguing that under local law such guarantees are only available for companies which have a government stake of at least 70 per cent.

The Thai government will have only 26 per cent of the equity in the company set up to build, operate and after 30 years hand the rail system over to the state. Most of the 36km of track will be elevated and construction could start early next year, provided the

remaining details of the contract can be successfully negotiated within the next three months.

The government has been under increasing pressure to reach a decision on Skytrain - a project first discussed more than 20 years ago - because of the ever worsening traffic and air pollution in Bangkok. But allegations of corruption have blighted consideration of the rival bids and seem likely to break out again in the weeks ahead as opponents of the governing coalition seek to weaken it further.

The Skytrain issue was further complicated in early May by a decision of the inner cabinet of economic ministers to approve in principle another mass transit scheme put forward by Hopewell Holdings of Hong Kong together with the State Railway of Thailand. This \$3.3bn project involves building roads and rail lines to be built over existing tracks and to be substantially financed by developing property owned by the state railways.

There is no indication yet of the status of this project as a result of the Skytrain decision, but it seems unlikely that Bangkok could cope with the disruption caused by the simultaneous construction of two mass transit systems.

Turkey's textiles pleas fall on deaf ears

Peter Montagnon, World Trade Editor, finds the EC unwilling to make concessions

ON THE surface, the request by Mr Tugut Ozal, Turkey's President, for textile trade concessions from the west in return for his assistance in enforcing sanctions against Iraq seems to contain the essence of an elegant bargain.

Yet as far as the European Community is concerned, the idea is likely to fall on deaf ears.

European trade officials are concerned that singling Turkey out for textile trade concessions would open the floodgates to demands for similar benefits from other exporters, such as India, which can also claim to have been hit by the Gulf crisis. More important still, the Community's textile trade with Turkey is beset by long-standing frustration over European access to Turkey's own market.

Under its associate status with the Community, Turkey is pledged to remove trade barriers with the eventual aim of creating a bilateral customs union, but officials say that it has fallen far behind schedule with promised cuts in tariffs. It has also imposed a range of additional quasi-tariffs as quantitative curbs on textile imports from the Community have been removed.

A combination of charges ranging from municipal tax, mass housing fund tax, trans-

port and infrastructure duty and price stability fund tax mean that some categories of European textile exports carry effective duties as high as 46 per cent in the Turkish market. At one stage, businessmen say, the effective Turkish duty on imports of bed linen from the Community was over 200 per cent, though this was subsequently reduced following pressure from Brussels.

By contrast, the EC admits Turkish exports of textiles and clothing duty-free under preferential arrangements that have allowed that country to become its largest outside supplier of these products. The rub for Turkey is that about half its exports, amounting to some \$1.2bn, are affected by quota restraints. It is these that it would like to see eliminated under the Ozal bargain.

These quotas are voluntary industry-to-industry arrangements outside both the General Agreement on Tariffs and Trade and the Multi-Fibre Arrangement which governs international trade in textiles. "They don't have a very good legal basis," says Mr Mamik Kemal Kilic, Under Secretary for Foreign Trade in Ankara.

Turkey would like to sit down with the EC and negotiate them away over a period of two or three years. In return, it would be prepared to do away

Duties on EC Textile Exports to Turkey		
	Basic tariff (%)	Effective tariff (%)
Synthetic filament yarn	1	26
Wool cloth	10	35
Cotton cloth	5	30
Synthetic staple fibre	1	26
Spun synthetic yarn	1	27
Jerseys, pullovers	15	46
Men's suits	15	46
Socks	1	31
Bed linen	15	46

*approximate effective tariff after inclusion of municipal tax, stamp duty, price support and stability tax, transport infrastructure duty, and mass housing fund tax.

Source: British Textile Confederation.

dies complaint concerning polyester fibres. This was lodged in February last year by the European Man-Made Fibres Association and could yet result in countervailing duties being imposed.

For the time being talks are scheduled for this autumn on renewing the quotas for European imports of Turkish clothing products for a further two years. These are, however, a routine part of the present arrangements under which quotas on textiles and clothing are renewed in alternate years.

But there is no immediate sign of the Community taking up Mr Ozal's request, although Commission officials say they would be prepared to consider removing European curbs on Turkish textile and clothing goods if Turkey created free access for European products. The completion of a customs union with Turkey is at the top of its list of priorities for strengthening Community ties with Ankara, they add.

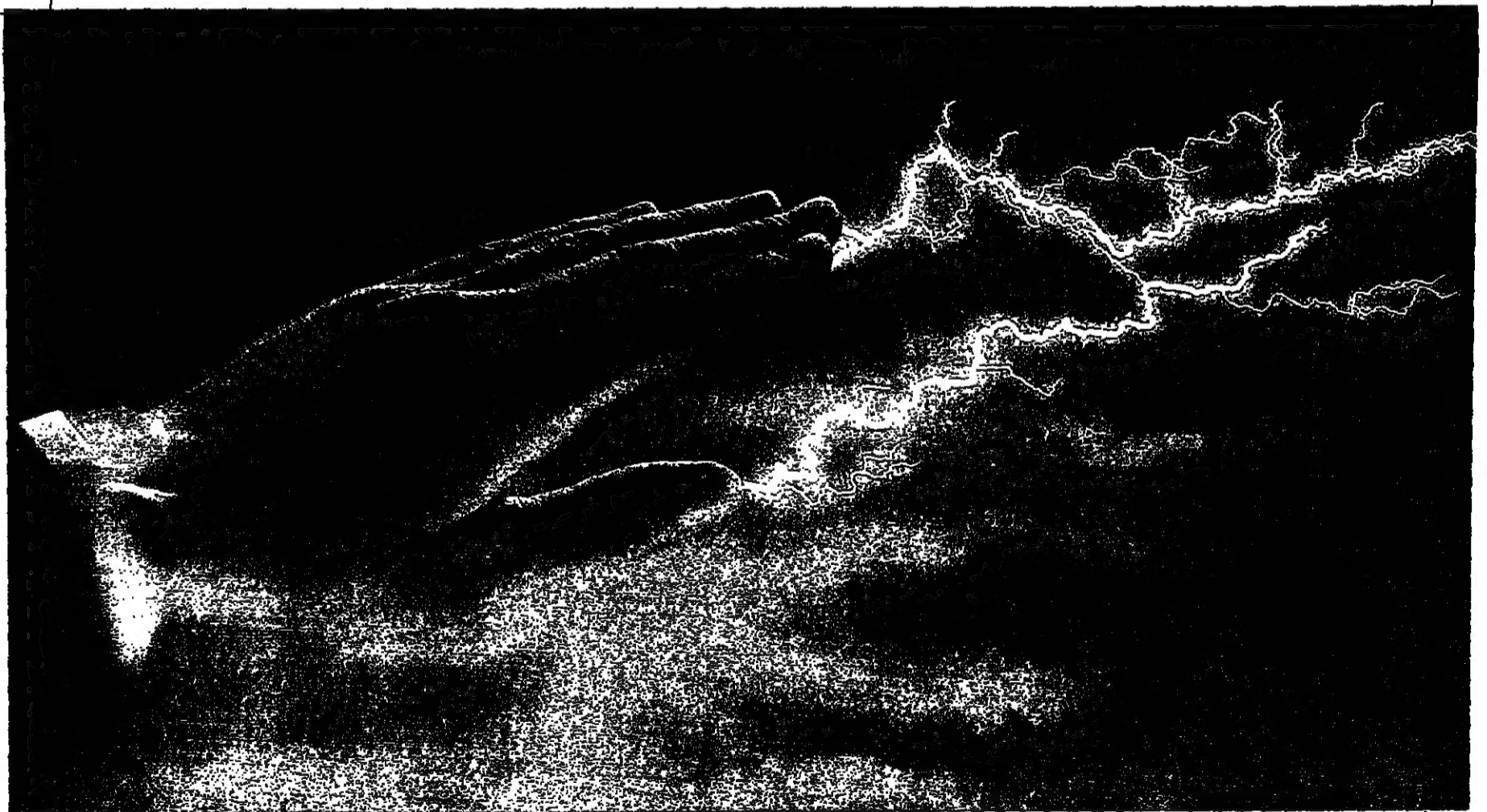
On the other hand, aid for Turkey - and the other Gulf front line states such as Jordan and Egypt - is unlikely to take the form of special trade concessions, which could upset other, more distant countries. Differences over textiles trade will have to be settled through other, less exceptional channels.

with its quasi-tariffs and other restrictions, accelerating the completion of the customs union in the textiles area, something it would also like to do for agro-industrial products. This would be good for Turkey because it is competitive in textiles trade and because it would help attract foreign investment, says Mr Kilic.

Realising such a deal would be difficult, however, even given the moral advantage Turkey is now claiming as a result of its Gulf effort. One problem is abiding concern over Turkish counterfeiting of European brands.

Any deal would meanwhile face vehement opposition from Greece, which is itself a tex-

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UK NEWS

Zeebrugge jury told of 'inefficient' safety rules

Financial Times Reporter

THE SYSTEM for ensuring safety on P&O European Ferries ships at the time of the Zeebrugge disaster was "thoroughly inefficient at director level down to those on board ship," the Central Criminal Court heard yesterday.

The court was also told that there had been other incidents of ships in the fleet sailing with their doors open: these apparently included the Herald of Free Enterprise, which was involved in the disaster.

Mr David Jefferys made the allegations while continuing to open the prosecution case against P&O European Ferries and seven former employees, who face one specimen charge each of manslaughter in the disaster, caused when the Herald capsized on leaving Zeebrugge on March 6, 1987, with the loss of 192 lives.

The company, Mr Wallace Ayers, the technical director, Mr Jeffrey Develin, the chief marine superintendent, Mr John Kirby, the senior master, Mr David Lewry, the ship's master, Mr Leslie Sable, the chief officer and Mr Mark Stanley, the assistant bosun, have all denied the charge.

Mr Jefferys said the ship sailing with her bow doors open showed a "failure in the system to make sure such things did not happen." Senior masters and the company's marine department were supposed to liaise, but relations "did not always seem to have been as harmonious as they should have been."

Mr Jefferys described a system of "negative reporting" in the company. One order stated that, unless he received a report of a fault, the master of a vessel "will assume that the vessel is ready for sea in all respects."

Masters interpreted this as meaning that unless they received a report to the contrary they would assume the vessel was ready for sea in all respects.

Mr Sable was required to be in two places at once - ensuring that Mr Stanley closed the bow doors while at the same time being on the bridge. The trial continues.

Evidence that tight monetary policy is squeezing demand

Unexpected rise in jobless raises interest rate hopes

By Peter Marsh, Economics Staff

A HIGHER than expected rise in UK unemployment announced yesterday produced a further sign that the economy is slowing down, boosting speculation that the Government might move to cut interest rates over the next few months.

Seasonally adjusted unemployment rose in August by 22,300 compared with July, the highest monthly increase since March 1986, to give a jobless tally of 1,653,900.

The figure was above the top end of City of London forecasts and marked a significant acceleration in the rise of jobless people as registered by Department of Employment statistics.

The monthly rise was the fifth successive increase in the jobless total since unemployment started to rise in April. Job losses are now running at an underlying rate of about 15,000 a month, as against roughly half this number in August.

Mr Robert Jackson, the Employment Minister, said the increase was "not good news."

But the figures are likely to cheer Mr John Major, the Chancellor of the Exchequer,

as providing evidence that the Government's tight monetary policies are squeezing demand out of the economy in the effort to bring down inflation.

City of London economists said they thought the unemployment numbers showed the UK was moving closer to a recession. That could lead to a cut in UK interest rates over the next few months, a move which could be accompanied by a decision by Britain to join the exchange rate mechanism of the European Monetary System.

Government caution on a possible interest-rate cut is likely to be reinforced today when it announces the annual rate of retail-price inflation for August, which is expected to be above 10 per cent. Mr Major is thought unlikely to cut rates with inflation at this level.

Mr Derek Scott, an economist at Barclays de Zoete Wedd, a London investment bank, said: "It's absolute hell for those who are out of work but there is no way inflation is going to come down without unemployment going up. The figures are a sign the Government's policies are working."

He predicted unemployment climbing rapidly over the next year to reach 2m by the end of 1991, a forecast in line with other City forecasts.

The Department of Employment also said yesterday that average wages rose by an annual rate of 10 per cent in July, the same as in June. Mr Jackson said he wanted to see the rate of increase come down to ensure that UK stayed competitive with other nations.

"Moderation in pay remains essential if future job prospects are not to be put at risk," he said.

Evidence of a reduction in monetary growth, another sign of an economic slowdown, was contained in Bank of England figures yesterday on the volume of banknotes in circulation. The Bank said the rise in the volume of notes was 4.7 per cent on an annual basis, in line with the Government's targets.

Mr Tony Blair, the Labour Party's employment spokesman, said: "It is now clear that unemployment is rising inexorably, and equally clear that Government ministers are content to see it do so."

Miners accept payment from Paris of pit strike donations

By John Gapper, Labour Editor

NATIONAL UNION OF Mineworkers leaders yesterday accepted a payment of £742,000 from the International Miners Organisation in a deal which Mr Arthur Scargill, NUM president, said vindicated his handling of funds.

Mr Scargill called for miners to unite in a fight against "the common enemy" of British Coal after the NUM's executive ratified a donation from the Paris-based IMO rather than pressing a legal claim to at least £1.75m of IMO funds.

He rejected a suggestion by Mr Kevin Barron, a Labour MP and ex-officio member of the NUM executive, that he should resign and seek re-election because of his handling of

funds donated during the 1984-85 miners' strike.

The NUM is to hold a delegate conference next month which will decide finally on whether Mr Scargill acted correctly and will also consider calling an industrial action ballot over British Coal's rejection of its pay claim.

Mr Scargill is likely to be backed by the conference because four NUM areas yielding a majority of votes have already declared their support for him.

The executive unanimously accepted a recommendation from four members that it accepted the £742,000 offered by the IMO - of which Mr Scargill is also president -

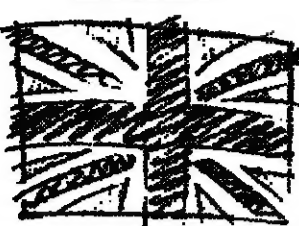
rather than risking further legal costs.

The union has spent more than £250,000 inquiring into £1.4m donated by Soviet and east European miners in IMO-controlled accounts.

Mr Scargill said he still did not accept that east European money had been intended for the NUM rather than miners internationally. He believed the £742,000 would have been given to the NUM eventually anyway.

The executive accepted that it had already received £960,000 from the IMO. The £742,000 payment from an IMO account in Dublin will be paid if the deal is agreed by IMO leaders next week.

BRITAIN IN BRIEF



BR plans changes to channel link

British Rail has given details of planned changes to the proposed high-speed rail link between London and the Channel tunnel.

The changes affect the 35-mile section between the coast and Upper Helling in Kent which was safeguarded by Mr Cecil Parkinson, the Transport Secretary, in June.

The route is largely unchanged from the alignment announced in October 1989, but BR is planning to build a viaduct across Boxley Valley, near Maidstone, with the aim of lessening the environmental impact on the ancient woodlands of Park Wood, Benah Wood and Horish Wood.

Urban renewal setback

Property developers London and Edinburgh Trust (LET) and Balfour Beatty dealt a blow to the Government's inner cities plans with the announcement that it would be cutting back on the activities of Avatar, the joint subsidiary set up three years ago to carry out big urban renewal projects.

The London office will be closed and the properties in the Avatar portfolio will be integrated into those of the parent companies. Current commitments in Birmingham and Manchester will continue.

Health service warning

London's health service could be pushed "over the edge into crisis" by many of its hospitals becoming self-governing trusts, says a report.

Applications to become trusts when the Government's health reforms take effect in April have been submitted by

18 hospitals and other NHS facilities in the capital.

A study of the applications by the pressure group London Health Emergency and Cohse, the health service union, concludes that most are based on "inducingly optimistic" financial assumptions.

These include, says the report, unrealistic inflation and interest rate predictions, high estimates of future case-loads and "crazy" schemes to generate extra income.

SIB publishes draft rules

Securities and Investment Board published details of its draft rules for unit trusts and other collective investment schemes.

The draft regulations are being circulated to subscribers to the SIB's rule book for six months during which managers and trustees in collective investment schemes will discuss the proposals at meetings jointly organised by the Unit Trust Association, the Association of Corporate Trustees, the Investment Management Regulatory Organisation, and the SIB.

Clapham rail crash verdicts

Verdicts of unlawful killing were returned by a coroner's jury on all 35 victims of the 1988 Clapham rail crash. It took the jury less than an hour to reach its unanimous decision on the fourth day of the resumed inquest into the deaths of the 35 people who were killed when a fast train from Poole, Dorset ran into the back of a stationary train south of Clapham junction, south London, in December 1988.

Soviet mining equipment order

A Scottish company has won a £5m order to supply mining equipment to the Soviet Union.

Anderson Longwell of Motherwell, Strathclyde, which manufactures underground mining machinery, signed the contract at a Soviet mining exhibition.

Mr Mike Stickland, export director, said the order came at a crucial time "helping at least partially to offset the sharp downturn we are experiencing in the UK as a result of the further contraction of British Coal's operation."

Red Stars defeats rivals

The Red Army celebrated a victory - over the Red Army. The Red Stars Rocket troupe was opening its tour of Britain at Wembley after the intervention of the Foreign Office and the Soviet Defence Minister defeated rival tour plans by the Moscow Military District troupe.

It was feared the market would be flooded with two troupes.

The Red Stars troupe of singers, dancers and musicians will tour 30 cities and towns.

Drive on adult literacy

A drive to encourage adults to improve basic literacy and numeracy skills has been launched by a coalition of government, industry and trade union groups.

Led by the Adult Basic Literacy Skills Unit, a quasi-governmental body, the drive is aimed at urging employers to enroll their staff in training programmes to be known as Wordpower and Numberpower. Both programmes will award a qualification recognised by the City and Guilds of London Institute.

British Gas wins contract

British Gas has signed a contract to transport North Sea gas for Mobil, the US oil company, from the beginning of next month.

The gas is to come from Mobil's Camelot and Welland fields and would be delivered to industrial and commercial customers on Mobil's behalf from the Bacton Terminal in Norfolk.

Welland is the first field to go into production under a contract in which British Gas has purchased only 90 per cent of the field's output. British Gas was forced by the Government limit its purchases of North Sea gas in order to foster competition in the industrial gas market.

Row reopens over Wallace

The political storm surrounding the career of Mr Colin Wallace reopened after an official

inquiry concluded that the former army information officer had been unfairly treated by the Ministry of Defence.

The investigation by Mr David Calcutt QC rekindled the furor over allegations of "dirty tricks" by Northern Ireland security forces in the 1970s. The Labour Party demanded a full judicial inquiry.

Mr Calcutt said that Mr Wallace had been unjustly treated when he appealed against dismissal from the MoD. He recommended Mr Wallace be paid £30,000 compensation.

His conclusions, accepted by the Ministry of Defence, followed the admission earlier this year by the MoD that up until the mid-1970s, security forces deliberately disseminated disinformation in Northern Ireland to denigrate individuals and organisations for propaganda purposes.

Sky abandons campaign

Sky Television last night abandoned for the time being a national newspaper advertising campaign attacking rival British Satellite Broadcasting after a number of national newspapers refused to carry the advertisements.

The advertisements, due to appear in all Britain's national newspapers today quoted from a consultants report suggesting that BSB, which launched its five channel service earlier this year might have to stop broadcasting in 1991.

The advertisement was set out as a warning to consumers.

Dry summer for brewers

England's long run in the World Cup knocked millions of pints off summer beer consumption, brewers said. Public houses suffered as the nation stayed glued to television sets during early July when England reached the semi-finals in Italy.

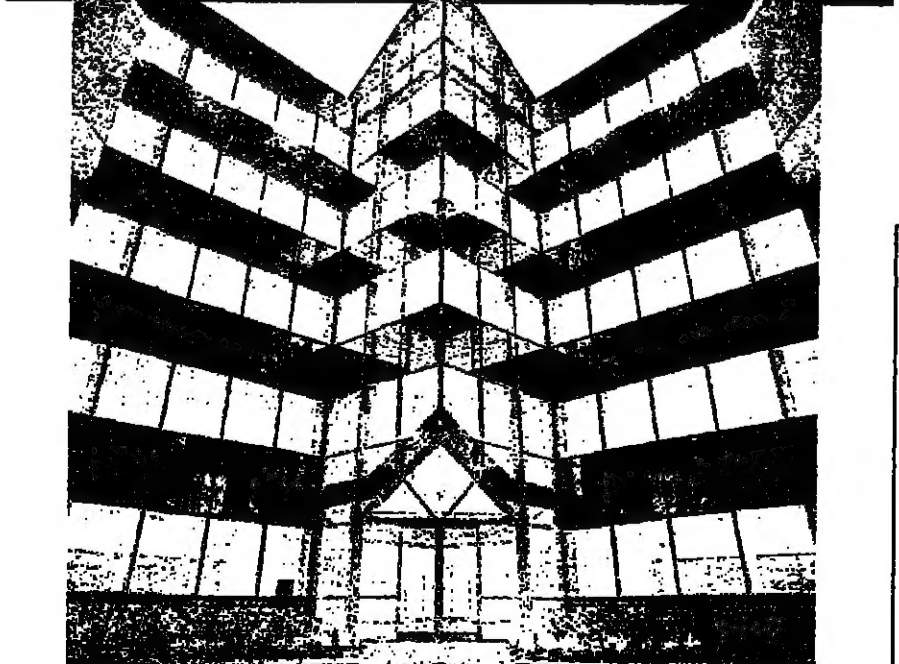
Beer production in July fell 4.1% to 3,087,077 bulk barrels, a drop of 37.8m pints on the total 12 months earlier, said the Brewers' Society.

"July's production was a disappointing start to the summer and probably reflects the influence of the World Cup," said a spokesman.

Off-licences were said to have enjoyed a roaring trade as fans stocked up.

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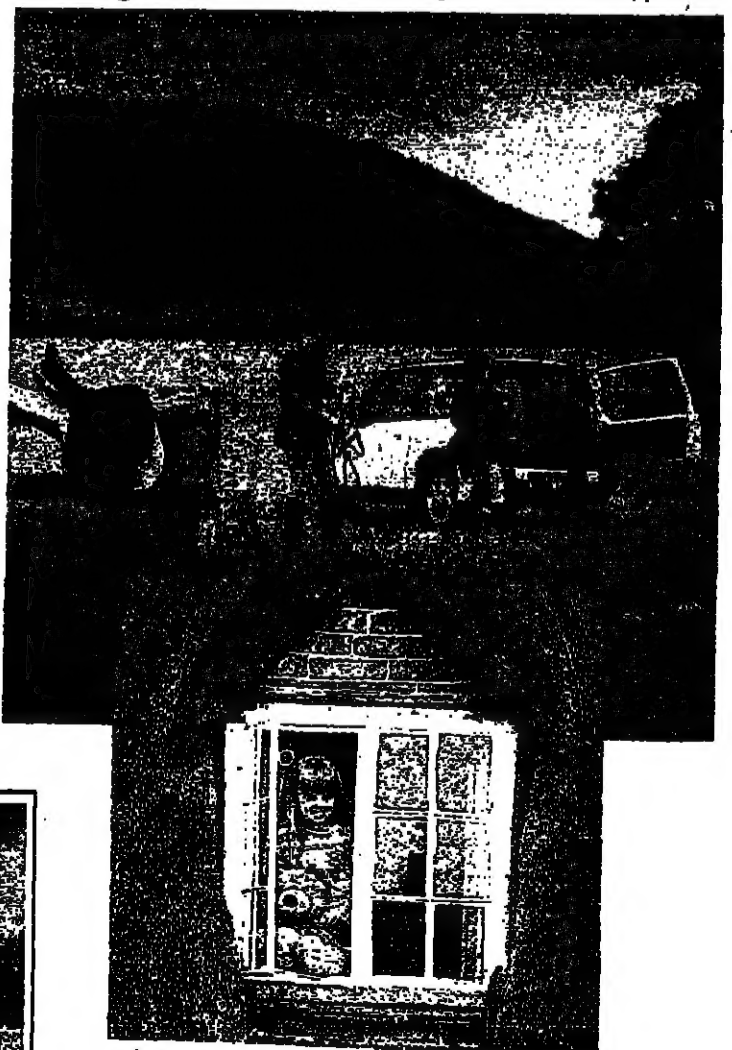


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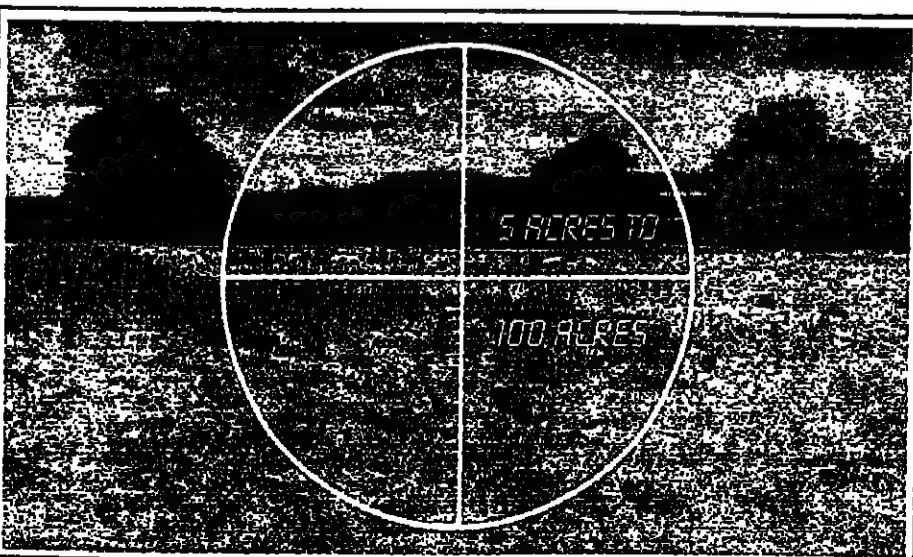


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Last Night strikes a down beat at the Proms

Jim Kelly reports that London's famous music season has ended in controversy

BRITISH troops in the Gulf will this weekend be able to join the regular worldwide audience on radio and television for the flag-waving spectacle of patriotism which has become The Last Night of the Proms.

Broadcast live from the Albert Hall in London the 96th annual BBC Henry Wood Promenade Concerts are scheduled, as always, to close with that most affecting sight: stiff British upper lips trembling with heartfelt emotion.

But a sour note has disrupted this year's broadcast which will be watched by some eight million viewers on UK television: the dismissal of the conductor, always a central figure in the colourful drama, has focused attention on the patriotic songs which are at the heart of the Last Night.

To the strains of Rule Britannia, Land of Hope and Glory, and Jerusalem, the Last Night has always provided the outpouring of organised emotion which has made other British cultural exports world favourites.

which has made other British cultural exports world favourites: royal weddings, coronations, the Trooping of the Colour and football's FA Cup Final.

Viewers and listeners in other countries, who will receive the programme live, may be unaware of an undercurrent of controversy which has affected this year's Last Night.

It began with an innocent interview in London's evening paper last week.

Mark Elder, one of the most



Sir Malcolm Sargent at the Last Night in 1964: a scene to be repeated with little change tomorrow

gifted conductors of his generation and musical director of the English National Opera, had been chosen for the Last Night: the finale of Britain's, and possibly the world's, most concentrated and biggest music festival.

He saw the interview as an opportunity to muse on its emotionally charged programme with respect to present, fraught, international situation.

He may have had in mind a few passages from Land of Hope and Glory, traditionally sung with ear-splitting fervour by the 6,000 audience, many of them standing in the promenade enclosure.

And, in the context of the Middle East, he may have paused mentally at the thought of conducting the popular choir in these lines from Jerusalem.

I will not cease from Mental

Fight. Nor shall my Sword sleep in my hand. TV we have built Jerusalem, in England's green & pleasant Land.

Finally, he may have balked at Rule Britannia with its exhortation: Rule Britannia, Britannia rule the waves, Britons never, never, never, will be slaves.

LOOKING east to the gathering Gulf crisis he said: "God knows we don't want anything to happen there - but if it did I don't think I would be able to go ahead with the programme as planned."

The words of those songs come from an age that was able and happy to celebrate Britain's irresistible march across the world.

"Now, if we were actually

engaged in combat I would not be happy to proceed. It would seem callous in the extreme. I would seriously have to consider removing some of the items."

Mr Elder was neither alone nor first to express his doubts. Twenty years earlier Sir Colin Davis had dropped Rule Britannia and Land of Hope and Glory as he attempted to follow in the flamboyant footsteps of Sir Malcolm Sargent.

We Shall Not Be Moved replaced Rule Britannia. But the promenaders did not like it and the programme reverted to tradition. Nevertheless, Mr Elder's sentiments cost him the job. John Drummond, the head of BBC Radio 3, the country's classical radio network, said: "In the light of the views of Mark Elder... we have asked Andrew Davis, chief conductor of the BBC Symphony Orchestra, to

conduct the Last Night of the Proms.

"The Last Night will be performed as advertised and as our worldwide audience expects to hear it."

Mr Elder returned to the RNO and a few thousand letters; most, it was said, expressing their support.

THE BBC's prompt action in dismissing him brought the corporation into unexpected alliance with its most vociferous critics: Conservative MPs who saw Mr Elder's comments as propaganda for the "Peace Party" in the Gulf Crisis.

Mr Davis, of the BBC Symphony Orchestra, and for 13 years the director of both the Toronto Symphony Orchestra and the Glyndebourne Festival Opera, has stepped in.

Ma Lesley Garrett, one of sopranos who will sing at the Last Night summed up a commonly held view of the entertainment.

One of the sopranos who will sing at the Last Night summed up a commonly held view of the entertainment: "I don't think there is any contemporary relevance in what we sing at all. Britannia just makes me think of old ships in full sail."

She said: "I don't think there is any contemporary relevance in what we sing at all."

Referring to songs sung by football fans, she added: "If that is what you wanted we would be singing You'll Never Walk Alone and 'ere we go."

"Britannia just makes me think of old ships in full sail." Tonight's penultimate night of the Proms season has raised no controversy: Benjamin Britten's War Requiem was conceived in a spirit of reconciliation after the Second World War.

TRAVEL INDUSTRY

British Airways restructures long-haul holiday operations

By David Churchill, Leisure Industries Correspondent

BRITISH Airways yesterday announced a £10m restructuring of its long-haul holiday operations to increase its share of the leisure travel market.

The move comes as the airline is also poised to sell its loss-making Four Corners travel agency chain to the Thomas Cook travel group.

Four Corners was launched by BA in the late 1980s as an up-market travel agency.

However, fierce competition between retail travel agents as a result of falling sales of package holidays has undercut Four Corners profitability.

As part of the restructuring programme announced yesterday BA has also concluded lengthy negotiations to buy the remaining 49 per cent stake in the Speedbird long-haul travel operation it did not already own.

The minority stake in Speed-

bird had been owned by several travel agents and BA has been keen for some time to take complete control of the brand.

Sir Colin Marshall, BA's chairman, yesterday declined to disclose how much had been paid for the 49 per cent stake but he said that it was less than £1m.

BA believes that leisure travel will be the growth area in international travel in the 1990s, in spite of short-term fears about a downturn in travel because of the Gulf crisis.

Mr Liam Strong, BA's marketing and operations director, said yesterday that "contrary to the downturn which the mass package tour market has experienced, our predictions are that scheduled service-based travel will grow significantly in the 1990s as consum-

ers more and more opt for quality and reliability."

The airline is merging all its holiday operations under the 'Leisure Traveller' brand name and is also offering short-stay hotel accommodation for travellers wanting to break long flights. It also plans to offer short-break holidays in Europe.

The £10m being spent on the re-launch includes the cost of a new computerised reservations system and advertising and promotions for the new brand name.

The key to the new travel operation is the planned re-launch early next year of BA's economy class service. BA believes that after the improvements made to first and business class services in recent years, it now needs to offer more space and better facilities for economy class passengers.

Funds urged for tourist authority

By David Churchill, Leisure Industries Correspondent

MORE financial resources to promote Britain as a tourist destination were called for yesterday by Mr William Davis, chairman of the British Tourist Authority.

Mr Davis, speaking on the publication of the BTA's annual report, said: "It must be recognised that the BTA needs adequate funding to do its job properly."

He said that the world market for tourism was becoming increasingly competitive and many other countries were spending more on promoting themselves overseas.

"In the important US market, for example, France spent \$4.6m on advertising last year

while we were only able to spend \$2.9m," he added.

Even so he acknowledged that Britain was still headed for a record year in terms of numbers of tourists. "Prior to the Gulf crisis we were forecasting that Britain would have 18.8m visits this year," he said. "However, it is difficult to judge what effect the crisis will have on tourism in the remaining part of the year."

But he also pointed out that there remained a large gap between the amount of tourism revenue generated in Britain and expenditure abroad by British tourists. "There is no way that this can be reduced by such artificial barriers as the

'travel allowances' we had in the 1960s," he said.

The only solution is to promote the attractions of Britain in overseas markets and to encourage more Britons to take holidays in their own countries," he added.

Last month Mr Davis, who is also chairman of the English Tourist Board, was criticised for his "20 tips for visitors" advice which was seen as discouraging tourists from enjoying themselves.

Yesterday Mr Davis emphasised that it was up to the tourist boards to find solutions to the problems of too many tourists by better visitor management.

Charity finds rural poverty in UK's most affluent countryside

By Alan Pike, Social Affairs Correspondent

DEPRIVATION exists throughout the countryside and can be found in the United Kingdom's most affluent rural areas, a charity report concluded yesterday.

The report, produced by Action with Communities in Rural England, comes two days after publication of the Church of England's study Faith in the Countryside.

Both reports seek to dispel false romanticism about country life and draw attention to growing problems faced by poorer and dependent rural residents.

All the familiar examples of urban deprivation existed to a comparable degree, if not quantity, in rural areas, says the Acre report. In rural areas, however, there was the added dimension of lack of access to services and facilities.

"The main reason why it is difficult for many people to grasp the notion of rural deprivation is that rural areas do not have large or concentrated pockets of deprivation in the same way that urban areas do."

A range of factors which Acre says are putting pressure on the lives of many people in rural areas is listed in the report. It says that:

● A serious lack of low cost housing for rent or sale has been aggravated by commuters, retired people and second-home owners pushing up house prices. The rural housing market was "dominated by urban escapees with capital to invest."

● Job shortages and low pay causes migration from the countryside, particularly by young people. When jobs were available, employers often preferred to import skilled staff rather than train local people.

● People without cars were "effectively housebound" when public transport did not exist. In many areas lack of public transport "leaves the list of missing facilities."

● Many village schools have closed and rural areas lack provision for particular groups like the elderly and the disabled.

Trends towards health centres and group practices led to

family doctor facilities disappearing from villages and those needing hospital treatment often had to travel long distances.

The Government's proposed health reforms offered "little help for rural areas."

● Many villages lacked post offices and village shops often had high prices and limited choice.

Acre's report was produced for the Calouste Gulbenkian Foundation, a grant-making trust, and will be presented to other charitable foundations and businesses in an effort to increase financial support for community projects in rural areas.

The report says that "while a great deal more needs to be done by the statutory, voluntary, private and community sectors to alleviate rural deprivation" thousands of local projects have already been set up to tackle different aspects of need.

Tackling Deprivation in Rural Areas Acre Stroud Road Cirencester GL7 6JR ES

Power regulator rules in test case

By David Thomas, Resources Editor

THE NEW regulator of the UK electricity industry has forced the regional electricity companies to give large industrial companies more flexible contracts.

The decision, announced yesterday by Professor Stephen Littlechild, director general of the Office of Electricity Regulation (OFR), will set a precedent for the new electricity market in England and Wales.

Prof Littlechild's ruling arose from a complaint by BOC, the industrial gas company, following its decision to switch its electricity supply for all its large UK plants to Scottish Hydro-Electric, the electricity company based in the north of Scotland.

As a result, BOC had to negotiate connection agreements with all the regional electricity companies in areas where it had plants. BOC complained to the regulator about Yorkshire Electricity's proposed connection contract for its Scunthorpe plant.

Prof Littlechild expects his ruling on the BOC-Yorkshire Electricity case - his first on such a dispute - to serve as a

model for other large industrial electricity users.

"I am aware that a number of other companies and public electricity suppliers are waiting for this decision before settling the terms of their own connection agreements," Prof Littlechild said yesterday. His ruling covers four main issues:

● As part of the connection agreement, Yorkshire Electric must not require BOC to pay charges for the electricity to be transported over Yorkshire's network by Scottish Hydro.

● These local charges, known as use of system charges, typically account for 5-10 per cent of an industrial user's electricity bill.

● Yorkshire Electricity and BOC should each be liable for up to £1m for damage arising out of the connection. Yorkshire Electricity had wanted to limit its liability to BOC to £100,000, but to make BOC's liability unlimited. BOC had wanted a £5m limit on Yorkshire's liability.

● BOC must pay for changes to the connection equipment, but it also has the right to seek a ruling on whether the

changes are necessary.

● Further disputes between BOC and Yorkshire Electricity must be settled by an arbitrator. An arbitrator will be appointed.

BOC yesterday welcomed the ruling. "This is a marvellous step forward. I think it reflects a much more commercial position than YEB (Yorkshire Electric) were trying to advance," said Dr Glyn Charlesworth, BOC's general manager for energy resources.

Prof Littlechild's ruling leaves open whether large industrial users might still have to pay local use of system charges, even if they have moved their supply contract to another electricity company. He has simply ruled out these charges being included in the connection agreement.

However, some industry insiders expect that contracts covering use of system charges could also be referred to the regulator for a ruling. The charges are designed to guarantee some return to the regional electricity companies for investment in their networks.

Agencies criticised over racial policy

By Alan Pike, Social Affairs Correspondent

THE licensing of accommodation agencies was demanded by the Commission for Racial Equality yesterday amid evidence that many discriminate against ethnic minority clients.

A commission investigation in 13 parts of the UK showed that one in five agencies were applying discriminatory poli-

cies. In Ealing, London, nearly half the agencies covered by the investigation were discriminating, and in Bristol one third.

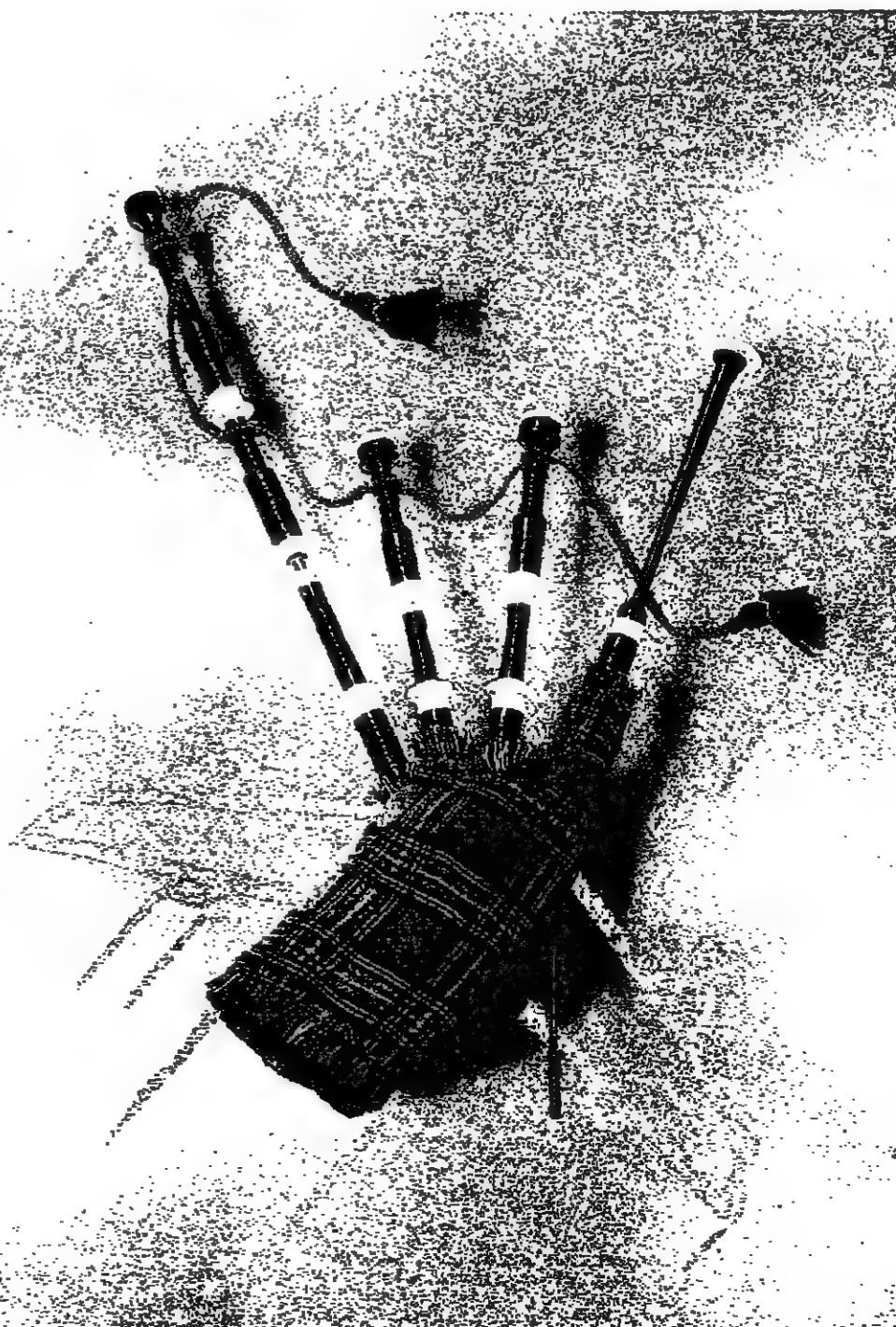
Mr Michael Day, commission chairman, said that the findings were "shameful but not surprising."

Those responsible for the dis-

crimination were breaking the law and the commission would be pressing the Government for agencies to be licensed.

"A condition for holding a licence should be evidence of non-discrimination in the provision of services. Accommodation agencies have for too long been able to operate without any checks."

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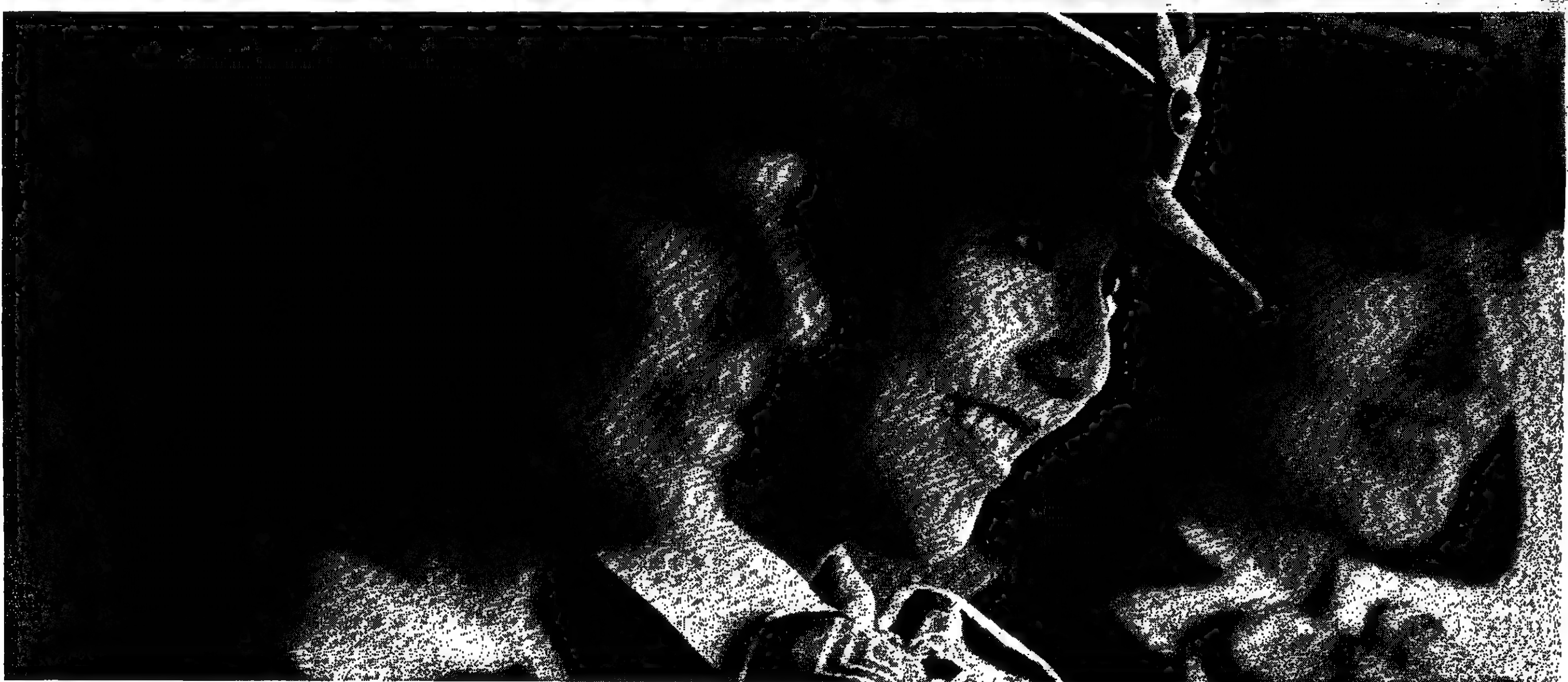
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MANAGEMENT

Simon Holberton talks to Liam Strong about his customers

How BA tries to make friends and keep them

About 30 years ago British European Airways, a forerunner of today's British Airways, sent out an instruction designed to improve pilot service to customers. Pilots were told their duty was not only to fly people but to entertain them as well.

One pilot's first attempt consisted of wearing dark glasses, carrying a white stick and tapping his way to the cockpit of his DC3, Pioneer. He later replaced this with impersonations of George Formby, ukulele and all.

For most of the 1980s, however, BA's management tried to convince its employees that it is not enough just to fly people around the world. It didn't quite encourage its pilots to become performing artists, but it set itself the task of improving the services it delivers to customers.

BA is now one of the world's most profitable airlines. In 1987 it relaunched its Club World (long-haul business class) service and now has doubled revenue from that. Early last year it relaunched its First Class; revenue is now up 20 per cent.

BA did not achieve its present status because it invented anything or has the latest technology but because it has put resources into marketing and training. It has shown by focusing on customer service and service delivery that money can be made.

"We know that if we lose a customer it costs five times as much to get them back as it does simply to maintain them," says Liam Strong, director of marketing and operations. Strong, a 45-year-old northern Irishman with barely a hint of his origins in his clipped and precise speech, joined BA at the beginning of 1989 as director of marketing. He is a noted player of corporate politics in an organisation renowned for its interests its managers take in their masters' comings and goings. At the beginning of this year he was given the additional title. He now manages the biggest division in BA and is the titular boss of some 35,000 BA employees worldwide.

There are sound business reasons for the merging of marketing and operations, especially in a service company such as BA. Strong is responsible for just about everyone that has anything to do with a customer flying with BA: from reservations to catering to cabin crew to baggage handling - but not the flight crew. Leaving aside the age and air-

worthiness of its fleet, the way in which BA delivers what it offers its customers is the key to its success.

BA has become rare among British companies in the primacy it now accords to marketing - a discipline that pervades the company. It is also strongly research-based. BA's 100 researchers conduct 250,000 interviews in 60 airports around the world.

Its in-flight surveys elicit a response from 80,000 people a year; it has a business flyers' panel in an attempt to understand what business flyers want; and it does ad hoc research on anything from whether people want flights to be non-smoking, what they think of the airline's meals, of the seat pitch, in-flight entertainment, which aspects of BA's service and interaction they like - more or less. If there is money in it (Strong says that BA is getting better at assessing cost/revenue trade-offs) then BA will do something about it.

Clearly then, this research serves to meet more than the merely curious. It is the building blocks for the specifications of BA's brands. BA claims to be the first airline which decided to treat its First Class, Club Class and Economy Class cabins as "brands", much as a fast-moving consumer goods company treats a brand.

The brands, which are managed by product managers, are defined not only by their physical location in the aircraft but by a specification which details what Strong calls the "promise". BA attempts to define its overall image in terms of safety, security, and a high level of service. Within that, it claims, each brand offers a particular set of promises/services.

"The branding on its own is nothing," says Strong. "It's the combination of the branding, getting the company to understand the branding and making sure the company delivers the branding. What we have achieved is getting the people here to understand the essence of a brand."

The essence he is referring to is the specification, a "model" of the user which defines the level of service BA staff are required to deliver - "that the people joining us in First Class have needs and they are not only physical needs but emotional needs that need to be recognised and treated in a certain way."

The specification pervades the company, including engineering. The interiors of BA's aircraft are engineered to specifications designed and managed by marketing.

"Each of our cabins creates a different ambience," says Strong. He has

clear definitions of, and aspirations for, First Class, Club and Economy. As BA moves towards the relaunch of its Economy Class service at the beginning of next year it is looking at ways to entertain passengers more.

Its research has shown that, for a lot of people, flying is a major experience. "They have been thinking about it for a year, they probably haven't travelled before and they are very excited. So we are trying to get our crew to join in that excitement. Some of the things we will have in the Economy relaunch are designed to help the crew establish that cheerful, friendly relationship."

The specification also explains the level of service necessary in terms of the monetary value the customer has to the airline. "We train them in terms of the overall rationale as to why we are focusing on this market, so our people understand segmentation. People on the check-in desks have got to distinguish, in some of the smaller stations, between different sorts of passenger. We then train them how to treat different people."

BA says it spends a lot of money (although, curiously, quite how much it refuses to say) on training to make sure its staff understand what is required of them. At least once every 18 months anyone who has anything to do with service delivery - 30,000 employees - is (re)trained.

Strong gets a series of data every week which measures how well the company is performing in delivering service. They include revenue, yield, seats occupied, market share, punctuality, mishandled baggage, passengers very satisfied, in-flight service, airport service, complaint rate per 1,000 passengers, cargo shipped as booked, involuntary off-load rate, cleaning standards, and catering.

All this information is reduced to indices, allowing the service delivery system to be tracked and analysed. Management can then see how the airline is performing against the standards it sets itself internally and how its customers perceive its service. He reviews this with the top 350 managers every month.

Strong talks a lot about focusing on and managing "relationships" with customers. Although he often uses the marketing language of fast-moving consumer goods - the language of "products", "brands" and "specifications" - he is clearly aware that in the marketing of services, a different approach is needed.

He says an airline ticket is an intangible expensive purchase. "Our cus-



Liam Strong: titular boss of 35,000 employees

tomers experience the service long enough for them to think about it in some considerable detail. So the quality of the relationship we have with them in between, as well as during, their purchase is quite important."

This is now leading BA to focus on improving the service it gives customers from the moment they contact the airline to the time they finish interacting with it at the end of their journey. And it is doing this because it, along with all other airlines, is struggling with the consequences of rapid growth in the airline industry.

The growth in air travel during the 1980s has put strains on the infrastructure around the world - air traffic control and terminal size. If the airline business is becoming growth-constrained then the prize will go to those airlines which can offer superior and differentiated services.

"We are emphasising how we can make the journey from ground to air to ground as painless as possible. Valet parking, portable check-in, better lounges, off-airport check-in, time-saver cards which give you a ticket from a machine - all are examples of ways to differentiate."

Successful as BA may have been in improving the quality of its service it

has not found it easy to maintain the perception of quality among its customers. Strong says people are no longer comparing BA with what it was like in 1983; they are comparing it with 1988 or 1989. In short, its customers have got used to and expect it to deliver a high level of service.

"The challenge from our point of view is to surprise people," says Strong. "You have to give them more than they thought they were going to get. If people are going to notice that service is good it has, by definition, to have something in it that they notice and say 'Oh, that's interesting'."

An allied challenge is that of maintaining staff motivation but brand relaunches are a way of doing that. He says the most critical thing in the relaunch of its Economy Class service is taking a "travelling circus" around the world and sitting with cabin crew, explaining to them the thinking behind the relaunch; how important the economy cabin is; and what BA wants them to do.

The people flying with BA, he says, have done so against an expectation. Making sure that customers are not disappointed is a major aim. "This is a time you can make friends as well as lose them."

The merry-go-round of reorganisations

By Christopher Lorenz

It is a truism that no organisation actually operates in the way its official structure suggests, then it is axiomatic that the real significance of changes in those structures can be hard to detect.

Back in the 1960s and 1970s, this hazard notwithstanding, it was usually none too difficult for a company's employees, or even for outsiders, to make sense of reorganisation announcements. Divisionalisation - the fashion in that era - usually meant what it said: the splitting of unwieldy, centralised organisations into separate divisions.

The decentralisation principle was pushed further in subsequent years by the breaking-down of divisions into "strategic business units". There was not much trouble understanding that either.

The introduction of matrix structures within many companies (and their divisions), complicated matters somewhat, but reorganisations were still usually comprehensible; power tended to be shifted reasonably clearly between the three dimensions of most matrices: divisions (or "businesses"), geographic entities (usually national organisations) and functional bosses at head office.

Even now, some reorganisations are relatively straightforward; six months ago, for example, BP took several further steps to shift its power balance from its former national barons towards the heads of its international businesses, completing a process which was begun a decade ago.

But in a growing number of cases, reorganisations are now becoming extremely confusing, not only to outside observers, but to many insiders as well.

Last week's restructuring of ICI of its European organisation, for example, could be interpreted (and was by some insiders) mainly as a transfer of power from its national subsidiaries to the newly-created ICI Europe. This move did indeed form part of the reorganisation, but its most significant element was a transfer of power from the geographic side of the chemical group's matrix to its international businesses. In ICI's case, such a shift is deemed to be bringing it "closer to the customer". On

the other hand IBM, the computer giant, has moved in precisely the opposite direction in recent years in order to become more market-responsive.

It has put increasing emphasis on the geographic side of its organisation - at least in its marketing activities, to the extent of delegating considerable authority to individual branch offices.

Yet IBM itself created some confusion in July when it announced the transfer of many of its European head office responsibilities to the presidents of its national units. Rather than reinforcing national power, as some outsiders thought, this was actually part of a shift of clout from the national to the European level; the unit presidents are losing some of their national leverage in exchange for becoming part of a pan-European team.

IBM's reorganisation is further complicated by the fact that it is joining the select rank of "transnational" corporations which have decided to disperse some head office decisions about many international issues to a set of units based in various countries.

At the same time, IBM is retaining control over manufacturing at its European headquarters in Paris, while global responsibility for product development is still vested back in the US.

Like Unilever, Procter & Gamble and other pioneering "transnationals", IBM is thus balancing increased decentralisation of some decisions with continued or greater centralisation (or at least integration) of others. It is this paradox which makes an increasing number of multinational reorganisations so difficult to follow.

In essence, ICI, IBM and all are all converging on a similar organisational model across the globe, of "tightness" on some dimensions mixed with "looseness" on others - a difficult balance which will need to be flexible over time. Some companies are moving towards this ideal from a history of extreme decentralisation (whether mainly divisional or, as at ICI, geographical), while IBM and others are coming from an ultra-centralised background.

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THE PROPERTY MARKET

Shopping centres bloom in cold climate

By Anne Steadman

Retail spending, at last, is falling. And bad news in the form of company failures, store closures, redundancies and lower profits in the retail sector has become depressingly regular.

Against this background, Meadowhall, the 1.5m sq ft shopping centre near Sheffield, opened its doors on September 4. Next to junction 34 of the M1 motorway and with its own two railway stations and bus terminal, the £400m Meadowhall developed by Mr Eddie Healey, a private property entrepreneur, and Mr Paul Dykes, a local businessman, was always expected to be successful in spite of the over-all climate. More than 50,000 people flocked in during the first three and a half hours of trading alone - and the millionth Meadowhall visitor will arrive this morning, Ms Jenny Greenwood of Hillier Parker says the atmosphere is "like Wembley Stadium".

Meadowhall has been designed with five themed areas, including "the largest food court in Europe", and is anchored by Marks and Spenc

cer, House of Fraser, Debenhams, and Sainsbury's with a Savacentre. C&A, Boots and W H Smith have also taken large stores. In all, 92 per cent of the 1.5m sq ft net of retail floor space is now let at rents which peak at £150 a sq ft (Zone A) and average £100 a sq ft (Zone B).

Mr Chris Smith of letting agent Smith Young reports considerable interest in the remaining 30 or so units - and this has, he says, increased and hardened since the opening. However, some trades are now fully represented and new tenants will have to meet the prescribed "tenant mix" criteria.

Next month sees the opening of another giant regional shopping centre, this time in the south-east. Capital & Counties' £400m Lakeside, just off the M25 (junctions 30 and 31) at Thurrock with 1.15m sq ft of retail space will be the largest regional shopping centre in the south-east. It is adjacent to Land Securities' retail warehouse park which, with more than 30 superstores, cinemas and three drive-in restaurants, is already doing extremely well.

The main anchor stores are Marks and Spencer, Debenhams, Lewis's, House of Fraser and BHS. Overall it is 80 per cent let. Average rents achieved in the main malls are, says Capital & Counties' Mr John Abel, about £120 a sq ft (Zone A) on a turnover basis.

There are only two other regional shopping centres of a comparable size to Meadowhall and Lakeside

currently open and trading in the UK: Cameron Hall's Metrocentre in Gateshead and the Richardson brothers' Merryhill Centre in Dudley, West Midlands. Predictions a few years ago pointed to a total of about 20 before the turn of the century. Those estimates have now been revised downwards.

In the current pipeline are 16 further "possible" - down from more than 40 - according to Dr Russell Schiller of Hillier Parker. But it looks as if very few of them will actually come out of the ground. Dr Schiller considers the "most promising" are Mr John Whittaker's Manchester Ship Canal Company's Trafford Centre (700,000 sq ft) at Duxington outside Manchester and Grosvenor Developments with Tesco's 650,000 sq ft proposal for Duxford, Cambridge. Mr John Wills at Healey & Baker agrees that the UK will only see about half a dozen regional centres - "10 at the outside maximum".

One problem for developers of regional centres is the hardening of attitudes against large-scale shopping developments among planning departments and within the DoE. Another is funding. Traditional institutional funding is virtually impossible to obtain - and it is significant that both Meadowhall and Lakeside have been privately funded. Both developers intend to retain them as investments.

Despite the success of these new regional centres there is no doubt that the retail market as a whole is

in a state of flux. Mr David Watt at Debenhams Tewson & Chinnocks points out that the main problems in the retail market seem to be with fashion retailers. Sports goods chains, such as Olympus, are continuing to expand as are other leisure-orientated operations. Another trend is the growing number of smaller and local multiples.

Mr Ian Rowbottom of Weatherall Green & Smith in Leeds says while the big multiples have cut demand for prime high street units, smaller retailers are being offered opportunities to take prime and good secondary units. This point is echoed by Mr Wills, who adds that landlords, faced with reduced demand, are more ready to accept the covenants of smaller chains where once they did not want to know.

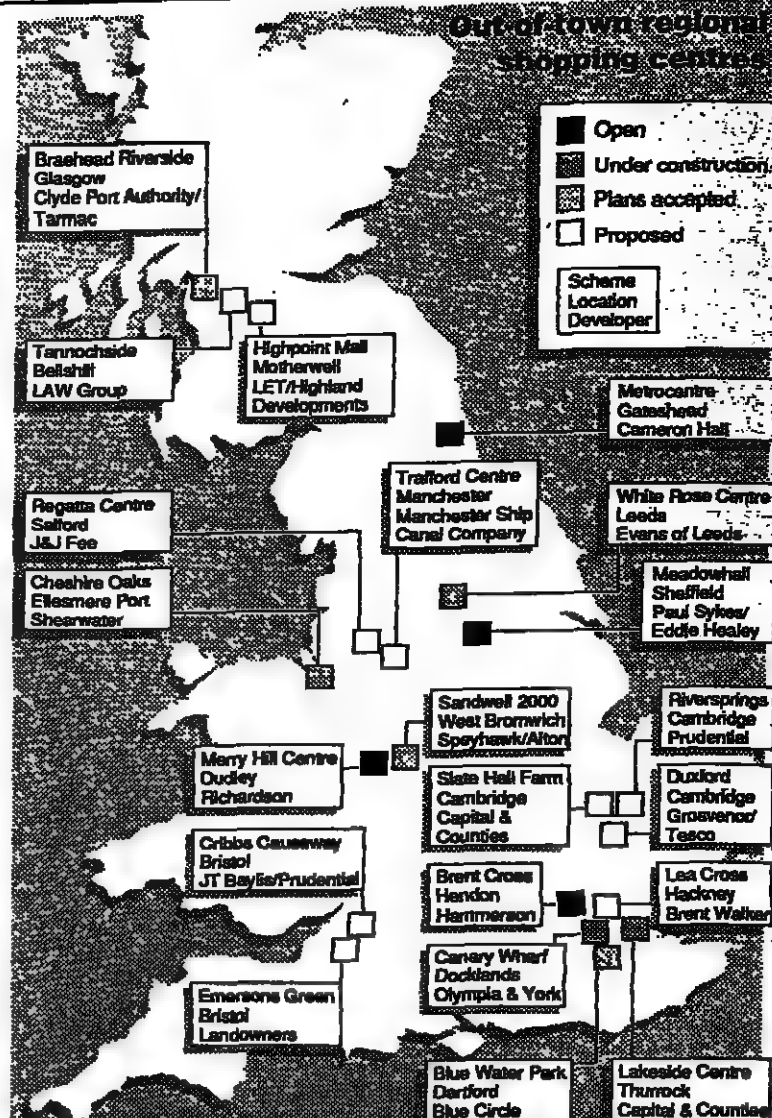
Overall there is downward pressure on rents, and premiums for prime shops have declined. Mr Rowbottom cites as an example a lease in King Street, Manchester, which was acquired nine months ago for £95,000 - and has just been bought back for £45,000.

Mr Gareth Evans at Charterhouse Tilney considers that the new regional centres "are bound to have an adverse effect on traditional high streets, making life even more difficult" for retailers in town centres. However this may not always be the case. Take Newcastle: Capital & Counties' Eldon Square shopping centre was not, as had been predicted, badly hit by the opening of Metrocentre.

Capital & Counties is also involved in two new town centre shopping developments which could in theory be affected by its own Lakeside. They are The Glades at Bromley and the Harlequin Centre at Watford. At Watford the 700,000 sq ft centre is anchored by John Lewis and opens in phases from recently until summer 1992. Of the 30 shops just opened in the first phase, only three are vacant.

In Bromley marketing of the 400,000 sq ft centre scheduled for completion at the end of September next year, marketing is about to start. Here Marks and Spencer is taking a 50,000 sq ft extension to its existing store. M and S has a foot firmly in both out of town and town centre retail camps. In a record autumn opening programme it is in Meadowhall, will also be at Lakeside and is opening a new 88,000 sq store at Merryhill. In town M and S will be opening new stores at Chichester and Welwyn Garden City and extending stores at Bath, Hemel Hempstead and Salisbury.

The retail property market, for so long the star performer in the sector, is decidedly down. It is set to improve with the rest of the economy when interest rates fall. In the meantime there is still a market - albeit a competitive one for landlords - for shopping space in both town centre and out-of-town positions which offer the right locations, the right quality of environment and that are correctly targeted.



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THE IRISH COURT 1990 No. 1027
IN THE MATTER OF THE SUPRA ARMOIRE
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AND IN THE MATTER OF THE COMPANIES ACTS 1986 TO 1989

The creditors of the above named company are required on or before the 1st day of October 1990 to send their names and addresses and the names and addresses of their solicitors, if any, to Robert Stewart of 6 Wilton Place, Dublin 2 the Official Liquidator of the said Company, and if so required by notice in writing from the official Liquidator, are to file such Affidavits in proof of claims as they may be advised and to give notice of filing thereof to the Official Liquidator and to attend at such time and place as shall be specified in such notice, or, in default thereof, they will be excluded from any distribution made before such date or claimants are proved.

Thursday the 4th day of October 1990 at 11 O'clock in the forenoon at the Examiner's Office, Anna O'Connell, Dublin, has been appointed for hearing and adjudicating upon the said debts and claims.

Dated this 28th day of August 1990.
Signed: A. Condon
Assistant Examiner

COMPANY NOTICES

CANADIAN PACIFIC LIMITED

At a meeting of the Board of Directors held today, a quarterly dividend of twenty-three cents (23¢) Canadian per share on the outstanding Ordinary Shares was declared, payable on October 25, 1990, to holders of record at the close of business on September 27, 1990.

BY ORDER OF THE BOARD,
D.J. DERGAN
VICE-PRESIDENT AND SECRETARY
CALGARY, September 13, 1990

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ARTS

A collector with impeccable taste

William Weaver finds the Fondazione Magnani Rocca well worth the detour

The Fondazione Magnani Rocca, established by the late Luigi Magnani in memory of his parents, is housed in a spacious villa, surrounded by a park of ancient trees, in the flat, fertile country between Parma and Reggio Emilia. The founder died in 1984; shortly thereafter, the new Fondazione undertook the delicate task of transforming a private residence into a public gallery. The villa has been open now for two months, and has attracted a steady stream of visitors, though it is somewhat off the beaten track and can be reached only by automobile. It is, in the guidebook phrase, worth the detour.

Appropriately, the villa is located in farmland, for agriculture – and, in particular, dairy produce – was the source of the Magnani wealth. Luigi Magnani, musician, collector, sometime professor at the University of Rome, was fortunately also a shrewd administrator and followed the considerable family interest. At the same time, he pursued his own interests, slowly and fastidiously building the collection that, in his lifetime, was almost a secret. Close friends, important connoisseurs might be invited to the villa and, once there, they might – or might not – be allowed to see the pictures (and the sculptures and drawings and prints, the ceramics, the Bodoni editions, the illuminated manuscripts). In Magnani's last years, because of his justified fear of robbery, much of the time the pictures were in a guarded vault, brought out – but never all of them – only on special occasions. On these occasions, Magnani himself would decide which works were to be displayed, according to his estimate of the visitor. Prof. X might be granted a sight of the Titian and the Durer; Filippo Y could be favoured with the Prince Lippi and the Caracci.

Now virtually the entire collection can be seen at once. Passing the squawking peacocks, you enter the villa and in the hall find a great malachite bowl supported by gilt-bronze sphinxes, designed by Thomire and given by Charles Alexander II to Napoleon (the collection includes a number of choice empire pieces, by Thomire, Jacob and others). On the side walls are two Tiepolo grisailles, once in the Palazzo Sagredo in



'La famiglia dell'Infante Don Luis' by Francisco Goya, 1784

Venice. For Magnani collecting was also a kind of rescue operation. Many of the works he bought abroad had been taken out of Italy, and he delighted in bringing them home. In other cases, his acquisition kept a desirable work in Italy. And, though he certainly did not buy cheap, the fact that he was not acquiring works as a speculation, had no intention of parting with them (still less of exporting them), meant that he was willing to purchase listed works, which less altruistic collectors might have considered bad investments.

He never went to auctions, and though he occasionally acquired through dealers (the purchase of 1818 Dore portrait of Marie-Louise, as grand duchess of Parma, was handled by Colnaghi's) more often he bought from private owners: the great, brooding Goya group portrait of the Infante Don Luis and his household came from the Russian family, the Infante's direct descendant; the Durer Madonna came from the convent of Bagnacavallo (where

poor Allegra Byron spent her last months), probably brought there originally as part of some nun's "dowry." Magnani wooed the picture for years. The fact that his mother was the collateral descendant of a Pope probably helped his cause – until he had convinced the nuns to sell. Similarly, he won the charming little statue of Saint George made by Manzù for the grave of the painter Giorgio Morandi: enamoured of the work, Magnani persuaded Morandi's sisters to let him have it. It is now in the former library of the villa, on Morandi's grave there is a replica. Magnani's association with Morandi began when the collector was a university student in Bologna and Morandi was still unknown outside of a small group of admirers. The young Magnani became not only a patron but also a friend: for him, Morandi agreed, exceptionally, to paint a work to order: a still-life of musical instruments, which used to hang over the piano in the drawing room. Now it can be seen along

with several dozen other works by the artist – oils, drawings, graphics – in a special section of the villa.

The Magnani collection was inspired by an admiration for excellence, and by the collector's taste (supported by the advice of authoritative friends like Cesare Brandi and Roberto Longhi). Magnani did not collect by rule, did not limit his interests to this period or that: he bought a lovely Monet, but also a severe Burrell, several lyrical works by De Pisis as well as an austere pastel by Hartung.

The collection is not large, yet every piece is worth attention and is a pleasure to look at. The pleasure then continues as you come out of the villa and stroll on the broad lawn or visit the café to have a glass of wine from the Magnani estates or eat a delicious, simple meal under the trees. Next to the bar is a shop where you can buy chunks of the finest Parmesan or bottles of the Magnani wine: the perfect souvenir.

More Beethoven & Bartók

WIGMORE HALL

By Wednesday the Beethoven-Bartók festival at the Wigmore had clearly hit its stride. For one thing, the casting was not only more wide-ranging than on Sunday (each work here had different performers), but altogether more successful. The violinist Yuko Shiolawa, whom I had thought over-parted in Bartók's First Sonata on opening night, led a fresh and candid performance of Beethoven's early C minor String Trio (with Nobuko Imai and Boris Pergamenschikov) – much wit, full appreciation of Beethoven's aim to write even-handedly for all three players, and therefore a balanced musical sound: thoroughly satisfying.

The piece de résistance was inescapably the Third Quartet of Bartók, delivered with passion and muscle by the Takács Quartet. It would be redundant now to recount their outstanding virtues. In Bartók above

all I'll remark only that they sustained a sense of continuing drama at the end of the second Allegro – where distraught glissando phrases are rudely punctuated by stabbing chords with rare (and valuable) conviction, and that their lower strings could with advantage be still rougher when competing against the violins' shrill ostinato hubbub.

That performance drew a deserved ovation, and after it Beethoven's E-flat Piano Trio, op. 70 no. 2, seemed ill-placed. The players – Brainin and Lovett from the Amadeus, with Bruno Canino scintillating too forcefully at the keyboard – extricated as much rumbustious humour from it as possible, but it made rather a dying fall. A modern chamber-music audience is not likely to think that off-day Beethoven can cap Bartók at his strenuous best, and it doesn't need a Classical one-for-the-road as proof of a

serious concert. Perhaps Andras Schiff, the planner of this festival, thinks the Bartók cause still has to be won.

If so, he is certainly wrong. When a pair of seasoned musicians, Loránd Penyves and Hansheinz Schneberger, began the concert with plain, sinewy, compelling accounts of a few of Bartók's 44 Duos for Violins – the perfect introduction to his chamber music, just as the "Mikrokosmos" study-pieces are the best *entrée* to his piano music – one thought: why haven't the rest of the inspired "44" been used to usher in every other concert? Wonderful though they are, in normal concerts they're hard to programme; this series could have offered the ideal occasions; and major Bartók no longer stands in need of any protective cover from minor Beethoven.

David Murray

London Symphony Orchestra

ROYAL ALBERT HALL & RADIO 3

It is unusual for any programme that Michael Tilson Thomas gives with the London Symphony Orchestra nowadays to be thoroughly conventional, so Wednesday's Prom, the LSO's only appearance in the current season, was curious by its very ordinariness. Perhaps heterogeneity – Walton alongside Beethoven, Berlioz with Janáček – made it distinctive; perhaps the inclusion of a Berlioz semi-rarely was the point.

Yet compared with some of the enterprising fare that the orchestra explores regularly with its principal conductor at the Barbican it seemed tame for such a showcase.

The proof though is in the performances and they were anything but ordinary. The Berlioz, the "lyric scene" *La Mort de Cléopâtre* which failed to secure him the Prix de Rome in 1829, was the natural focus and had Maria Swung as its compelling soloist.

Whatever one thinks of her in other branches of the repertoire, Thomas gives with the right combination of declamatory power and intimate shading for such concert pieces as this, coupled with an instinctive command of Berlioz's melodic lines. With her singing so sharply focused the bouts of bad tuning and spreading tone that would send shivers through a Lieder audience get submerged by the dramatic flow: the range of colour and intensity of attack, the pertinence of every morsel of connective tissue, disarm most criticism.

Tilson Thomas set the stage keenly, relishing his Beethovenian tension and squeezing out the theatrically to the very last drooping pizzicato. In the remainder of the programme too the LSO was finely tuned, dashing through Walton's *Portsmouth Point* overture with every jazzy rhythm fully sprung, piling into Janáček's Sinfonietta with gusto.

There was an equally fulsome backdrop to Beethoven's First Piano Concerto too, though that seemed less appropriately plush.

It is hard to warm to such an over-egged approach; if such thick-textured, high-romantic playing would now seem quite inappropriate for a late Mozart concerto, why is it received so tolerantly in a work conceived barely five years later?

Emanuel Ax treated the solo part as if it belonged securely to the 19th century, never failing to underscore a cadence with a rallentando or to scatter sforzandi liberally through the outer movements.

The scale seemed entirely wrong; the content did not fit. On its own terms, though, Ax's playing was formidably accurate if rather mechanically expressive.

Andrew Clements

Tiepolo and 18th-century Vicenza

Giambattista Tiepolo's charm lies in his angst-free celebration of what must have been one of the pleasantest lifestyles to have evolved in the last few hundred years. Between 1730 and 1780, those superb interior decorators, Giambattista and his son Giandomenico (who joined his father for the first time in 1750, decorating the bishop's palace at Würzburg) worked ceaselessly, skilfully adapting historical, high moral and contemporary literary themes to suit the relaxed and frivolous atmosphere of the numerous, sumptuous villas built by the nobility and the prosperous "bourgeois" in the Veneto.

The focal point of the ambitious and somewhat unwieldy celebration *The Tiepolos and 18th-century Vicenza* (until September 20) is the Villa la Corbellina Lombardi, some 12 kilometres outside Vicenza, for which Giambattista, fresh from his triumphs at the Gesù and the Scuola del Carmine in Venice, painted three magnificent frescoes in 1743. The ground floor "salons," opening on to the gardens is a delight, the result of a marvelous synergy between the architect, Giorgio Massari, and Tiepolo.

The ceiling fresco, "The Triumph of Virtue and Nobility over Error," is the artist at his most irresistible: dizzyingly festive, with cherubs frolicking among the pink-toned clouds of an infinite sky above two buxom venetian courtesans, the brunette

holding the symbol of Minerva and the winged blonde a laurel crown, while fame sits blowing his trumpet on a more substantial cloud and a fierce cherub hurries ignorance into the bat-haunted shadows beneath.

The east and west walls are decorated with fairly sober scenes from classical history: the clemency of Scipio and the clemency of Alexander the Great. Both are pertinent reminders of the way hostages should be treated in an ideal world. Scipio, after a Spanish victory during the Punic wars, not only hands back the fiancée of the vanquished prince, but her ransom too, as a wedding present. On the opposite wall, a handsome but slightly foppish Alexander nobly refuses to take advantage of the undeniable charms of the defeated Dario, who kneel at his feet in seductive shades of dusty pink, gold and peacock blue.

After the Church of the Carmine, where he rather let himself go, these frescoes represent a call to order on the part of Tiepolo (probably influenced by his agent and mentor, Francesco Algarotti), or a bow in the direction of his formidable predecessor, Veronese, but with a naturalness of pose and a sense of urgency and excitement which owe nothing to the 16th-century Venetian master.

Two major exhibitions have been set up in Vicenza itself.

One, *The Urban Environment, Architects, Sculptors and Craftsmen* is at the splendid Palazzo Leon Montanari, built and richly decorated by an early Italian yuppie, Giovanni Leon Montanari, between 1678 and 1682, (it now belongs to the Banco Ambrosiano Veneto). This not only includes numerous projects by architects in the Palladian mould such as Vincenzo Scamozzi (who completed the delightful Teatro Olimpico, and the lowliest of the Villa Veneta, La Rotonda, after Palladio's death) but sections on landscaping, textiles, embroidery, the nascent industries and, among the sculpture, the original of the famous *Descent from the Cross* by Valmarana "Al Nani," for which Giambattista Tiepolo and Giandomenico Tiepolo painted a remarkable series of frescoes in 1787.

At the Basilica Palladiana in Vicenza is *The Tiepolos and painting in Vicenza in the 17th century*, which includes some fine works by Giambattista Tiepolo, Solimena and Sebastian Orici, most of which have been recently and well restored. A reminder of Giambattista Tiepolo's extraordinary talents as a draughtsman comes from the numerous preparatory drawings, among which are a delightful group relating to the Valmarana Al Nani frescoes lent by the Horne Collection in Florence, as well as several from the Victoria and Albert Museum in London.

At Bassano del Grappa, about 20 kilometres north of Vicenza, are two further exhibitions centred round two of the great numbers of unambitious competitors and put all the travelling salesmen on his payroll. He had no qualms about giving the market what it wanted: responding promptly to his Cadiz salesman's request "that Eve be particularly well-covered with fig-leaves, especially the buttocks" for the straight-laced Spaniards.

His son Giuseppe Remondini, who inherited the business in 1711, realised the importance of controlling the whole production process from raw materials to the distribution of the finished products. The Venetian Republic quickly gave him a licence and an exclusive company specialising in the reproduction of prints and decorative papers into the most important publishing house not only in the Venetian State, but in the whole of Italy, employing 1,500 and exporting throughout Europe, to Asia, South America and Africa.

As its name suggests, this small hill-side town on the banks of the River Brenta is also the centre of production for a pungent aqua vitae – much needed after this testing itinerary.

Jennifer Grego

BOOK REVIEW

Ladies the wrong side of the easel

Why have there been so few, or even no, great women artists? *Women, Art, and Society* by Whitney Chadwick (Thames and Hudson, \$8.95) surveys the ways in which feminist art historians have grappled with the early question and with traditional art history. Her content a reader may be with a "sexist" language of Old Masters and masterpieces, and a hierarchy which exalts oil painting and sculpture over pastels and needlework, this survey of feminist art history shows that it has borne a rich harvest.

At a controlled gallop, Professor Chadwick covers a host of women artists and society's attitudes to them from the Norman Conquest to the 1980s. It takes her from the Bayeux Tapestry, stitched by anonymous nuns, to professional women artists of today whose work focuses on questions of gender and power.

There is rather less room for discussing how women have been represented by artists, male as female. Research of social history here is condensed into a few lines, yet although the result is not sparkling reading it is tidily done.

Particular iconographic themes have attracted feminist scholars; the long association made between women and mir-

rors, flowers, and scenes of bathing. What we might call the party turns of feminist art criticism are given a brisk airing. Prime among them is Artemisia Gentileschi's "Susannah and the Elders" and "Judith and Holofernes." For feminist critics, her handling of these images of woman as victim and as virago is sharply different from a Tintoretto or Caravaggio.

Another key artist is Georgia O'Keeffe. Ironically, gender stereotyping made her suffer alike at the hands of male critics and feminist admirers. Both proclaimed that her flower paintings were erotic, Freudian and quintessentially "female."

When a neglected woman artist's reputation is exhumed, it is seen as a subversive undermining of the hierarchy. Judith Leyster, the 17th-century Haarlem painter, is a case in point. Famous and successful in her own day, in the 18th and 19th centuries she was just a name. It is only this century that her oeuvre has been plucked together, which has meant detaching paintings from her husband, Jan Moleaer, and from Frans Hals, whom she imitated.

Of course, there are any number of ghostly artists whom art historians summon back into existence in this way. Professor Chadwick does not make out a case for Judith Leyster's femaleness being the problem. Throughout the book, she avoids value judgements on artists, which will annoy some readers. Of Leyster's work, she merely states that it is not the same as Hals. However, the fact that a woman's hand could be for so long confused with that of a hugely admired master like Hals is, for her, refutation of those who believe that women's talent is necessarily of a lesser order than men's. As she puts it, "the case of Judith Leyster offers irrefutable evidence of the ways that seeing is qualified by greed, desire, and expectation."

Cases of successful women artists raise the question of what society has at any time considered as a suitable female aspiration. Female talent tended (and tends) to be seen as freakish. Albrecht Dürer bought a mirror image of Christ by a young woman painter and noted in his diary, "It is a great

marvel that a woman can do so much." In the Renaissance, humanists did extol women artists. Vasari included her in his biographies of artists, taking his queue from the Roman historian Pliny. Both applied different standards to female artists. Pliny had noted that one of his admired women artists stayed "a perpetual virgin." Vasari, too, exalted the private lives of his gentlewomen artists and their diligence. Genius, on the other hand, was an essentially male and non-moral attribute.

With the Enlightenment, women professional artists became more prominent and some, like Elizabeth Vigée-Lebrun, became the darling of international court society. The Académie Française was opened to women and Angelica Kaufmann and Mary Moser were among the regular members of the Royal Academy. A crucial argument in the repression of women in the arts is that they were not permitted to draw nude models, the backbone of academic instruction. Within it, they could not tackle the historical and mythological subjects which conferred true status.

In the 19th century, decorative and sentimental subjects rose in popularity and ladies standing the wrong side of the easel were taken more seriously. Sculpture remained problematic; it could be less feminine than bashing away at marble and granite? Professor Chadwick is particularly good on American women sculptors, some challenging the citadel of male superiority by establishing themselves in Rome. Of one, the black sculptor, Edmonia Lewis, Henry James made the memorably bitchy comment that her colour, "picturesquely contrasting with that of her plastic material, was the pleasing agent of her fame."

In portraying the vicissitudes of women who have striven to be artists, Professor Chadwick does not hector and by large avoids the jargon of feminist criticism. Her book is a thought-provoking and lively introduction to the subject.

Patricia Morison

The 1990 Booker Prize shortlist

The judges of the Booker Prize, Britain's richest award for fiction and sponsored by Booker plc, yesterday announced the six novels shortlisted for the 1990 prize. They are: An Awfully Big Adventure by Beryl Bainbridge; Possession by A.S. Byatt; The Gate of Angels by Penelope Fitzgerald; Amongst Women by John McGahern; Lies of Silence by Brian Moore and Solomon Gursky Was Here by Mordecai Richler.

The winner, who receives £20,000, will be announced at a dinner at the Guildhall, London, on October 16, which will be televised live on BBC2. The judging panel, chaired by Sir Denis Forman, Deputy Chairman of the Granada Group, consists of Susan Clapp, Deputy Editor of the London Review of Books, Walton Litz, Professor of Literature at Princeton University, Hilary Mantel, novelist and Kate Saunders, writer and journalist.

ARTS GUIDE

September 14 – 20

MUSIC

London

Vivaldi Extravaganza: London Bach Orchestra's programme includes *The Four Seasons* and Concerto in C for two trumpets. (Fri) Queen Elizabeth Hall, (928 4848).

City of London Sinfonia perform works by Handel, Mozart and Vivaldi. (Fri) Barbican Hall, (393 8891).

Albany String Quartet in works by Haydn, Mozart and Beethoven. (Sat) Queen Elizabeth Hall.

London Symphony Orchestra, conducted by Michael Tilson Thomas, in a programme which includes Janáček's *Glagolitic Mass*. (Sun) Barbican Hall.

Brave New Worlds: contemporary music festival. City of Birmingham Symphony Orchestra, conductor Simon Rattle, play works by Bartók and Stravinsky. (Mon) Royal Festival Hall.

The Jazz Warriors: a tribute to Chris McGregor, the South African composer, with guest South African Choir, Amabutho (Tues). Queen Elizabeth Hall.

Paris

Orchestre Philharmonique de Radio France conducted by Marek Janowski. Ives, Bartók, Hindemith (Wed). Radio France.

Grand Auditorium (4232368).

Philharmonie Orchestra conducted by John Eliot Gardiner.

Berlioz's *Romeo et Juliette* (Wed). Châtelet (4025240).

Piedmont

The 3rd Cathedral Festival brings oratorios, masses and can-

tates to the cathedrals of Laon, Sens, Abbeville, Soissons and Compiègne. (822255226).

Amsterdam

Netherlands Philharmonic with the Netherlands Opera performs Brahms and Bruckner. Hartmut Haenchen conducts (Mon, Tues). Concertgebouw (718 345).

Brussels

RTBF Symphony Orchestra conducted by André Vandermoot with Ulf Hoelscher (violin) play Mahler and Mozart (Fri). Maison de la Radio.

Orchestre Symphonique de la Monnaie conducted by Theodor Guschbauer perform Haydn and Bruckner (Sun). Palais des Beaux-Arts.

Royal Flanders Philharmonic Orchestra conducted by Carlos Euzkadi with the Emerson Quartet in a programme of Bruckner and Mozart (Wed). Palais des Beaux-Arts.

Belgian National Orchestra conducted by Ronald Zollman with Lazar Berman (piano) play Franck, Schmitt and Tchaikovsky (Thurs). Palais des Beaux-Arts.

Antwerp

Royal Flanders Philharmonic Orchestra conducted by Walter Weller with Iris Vermillion (mezzo) in a programme of Bruckner and songs by Wagner. Koninklijk Elisabethzaal (Fri).

Royal Flanders Opera Symphony Orchestra conducted by Rudolf Werthen with Karen Huffstodt (soprano) in a programme of Mozart, Richard Strauss and Tchaikovsky (Sat). De Singel.

Lausane Pavarotti (tenor) in concert with Andrea Griminelli (flute), musical director Leone Magiera (Wed). Sportpaleis (part of the Flanders Festival).

Utrecht

Radio Chamber Orchestra with Richard Cohnen (violin), Martin Sieghart conducts. Faure, Mozart, Strauss (Sat).

Berlin

Dietrich Fischer-Blesch leads recital with pianist Vladimir Ashkenazy. Schumann's *Dichterliebe* (Thurs). Opera house.

Frankfurt

Orchestre de Paris conducted by Semyon Bychkov. Weber, Strauss and Rachmaninov (Sat). Alte Oper.

Budapest Festival Orchestra under Ivan Fischer with Andreas Keller (violin). Liszt, Bartók and Kodaly (Sun). Alte Oper.

London Sinfonietta conducted by Arturo Tamayo. Bartók, Berio, Xenakis and Rameau (Thurs). Alte Oper.

Milan

Myung-Whun Chung conducting, with violinist Kyung Wha Chung. Weber, Bruch and Beethoven. Teatro Alla Scala (Sun 91.25).

Stresa (Lake Maggiore)

Settimana Musicale di Stresa. Last week of festival. Violinist Ugo D'Amico plays and conducts. Mendelssohn, Paganini (Sat).

Stelmo Minz and pianist Yuri Ostrovsky with the New York Amati Trio on Monday.

Closing concert (Tues) is conducted by Carlo Maria Giulini: the Scala Philharmonic playing Schumann, Ravel and Stravinsky (Sat 189).

New York

New York Philharmonic conducted by Zubin Mehta with Florence Quivar (mezzo-soprano) and the Westminster Sinfonietta. Mahler (Tue). Zubin Mehta conducting with Evelyn Kissin (piano). Schubert, Stravinsky, Chopin (Thurs). Avery Fisher Hall, Lincoln Center (974 8770).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich. Key, Schumann, Copland, Mussorgsky/Ravel, Mussorgsky/Ravel (Tue). Mstislav Rostropovich with Beaux Arts Trio. Shostakovich (Wed). Kennedy Center (527 4800).

Tokyo

Brigitte Frenkelbauer (mezzo), with Cord Garben (piano). Schubert. Tokyo Philharmonic (Mon) (289 4821). Orchard Hall (Thurs) (545 9848).

NEK Symphony Orchestra conducted by Yujo Toyama. Takemitsu, Mahler, Handel, Bunkamura, Orchard Hall (Tues) (477 8241).

Yuzi Buzmet (violin) with the NEK Chamber Ensemble. Beethoven, Mahler, Shostakovich. Suntory Hall (Wed) (235 1661).

Festival of Japanese Instruments. 13 works for various instrumental combinations. Vario Hall (Wed) (218 4152).

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Friday September 14 1990

The end of communism

SEVENTY THREE years after Lenin's October Revolution, the Soviet Union will formally abandon communism on October 1 1990. This, in its essence, is the decision on economic reform which President Mikhail Gorbachev announced on television on Wednesday night.

Given the significance of this commitment, what is astonishing about this week's political debate in Moscow has not been the confusion, but the relative unity and self-control. President Gorbachev's decision to back the Shatalin Plan for radical reform may or may not lead to the resignation of Mr. Nikolai Ryzhkov, the Soviet Prime Minister. But the political dangers facing President Gorbachev and the Soviet Union have probably been diminished.

Economic radicalism has enabled President Gorbachev to forge an alliance with Mr. Boris Yeltsin, the chairman of the Russian parliament, and should make it possible to win the backing of many other republican leaders. The Shatalin Plan will make it advantageous for the 15 constituent republics to sign an economic co-operation agreement within the next few months. Because this agreement will now be built around free trade and voluntary delegation of central economic powers to Moscow, it will allow the republics to reinforce their claims to sovereignty, while preserving the interdependence on which their economic survival depends, at least in the short term.

This formula points to a new kind of Soviet Union, more like the European Community than the US. Economic questions of foreign policy and defence would remain to be settled. But if the economic union showed signs of working, voluntary political links could be secured between most of the republics - and orderly withdrawal by a few would not be fatal.

Embarrassing attempt

But does the disarray in the Soviet Government not threaten a political breakdown before the Shatalin Plan even starts? Mr. Ryzhkov's embarrassing attempt to sway the country against radicalism had all the hallmarks of Mr. Gorbachev's never-ending tactical

plays. While Mr. Ryzhkov personally is relatively unimportant, he represents a powerful bureaucratic and technocratic elite that will be threatened most directly by the dismantling of central planning. Along with the party apparatus, these people's ministerial and corporate fiefdoms represent the most serious obstacles to reform.

Public appeal

President Gorbachev could have over-ruled Mr. Ryzhkov in private, but it probably suited him better to allow the Prime Minister to make one last public appeal. Just as the televised spectacle of last June's Communist Party congress was instrumental in discrediting party reactionaries and loosening the communist grip on government, President Gorbachev may now hope that parliamentarism will help to dislodge the bureaucratic opposition.

Of course, it would be best if such shenanigans could be avoided. They are bewildering and disturbing for the Soviet people, as well as for the international community. More importantly, the emphasis on tactics distracts attention from the questions of strategy which still have to be faced.

Until the Shatalin Plan is published in full judgment must be reserved on its economic and political feasibility. When these details emerge, particularly on the preliminary stabilisation programme, the international community will have to judge the role it should play in helping the historic transition. This role could prove vital not only in supporting the stabilisation programme, but also in helping to keep the redefined Soviet Union from falling apart.

But leaders both at the Soviet and republican level show signs of gravely underestimating the hardships their people will inevitably suffer in the next year or two. Again, this may be a matter of tactics - when leaping from a burning building, it is perhaps as well to shut one's eyes. In the years ahead, however, the Soviet people will need strong, even inspirational, leadership, as well as tactical finesse.

Lessons of the Airbus row

THE lengthy transatlantic dispute over subsidies to the European Airbus programme is nearing a climax. Failure to settle it in the next few weeks would risk a full-scale confrontation between the US and Europe, which would further imperil the Gatt Uruguay Round. But whatever the outcome, the affair also highlights broader issues which threaten to create growing international friction.

The US Commerce Department recently turned up the heat by publishing a highly critical report on Airbus financing, which emphasised the threat to the US commercial aircraft industry. The report looks ill-timed, following encouraging signs of progress in negotiations between US and European authorities. Meanwhile, the Airbus Industrie (AI) consortium aims to finance privately its next model, the A320, and is casting its first profit this year. Admittedly, such a result would be achieved only in US dollars. AI's internal book-keeping currency, in national currency terms, the four Airbus member companies still face losses on the project. None the less, the trend is in the right direction.

Washington wants Europe to agree to revisions in the Gatt Civil Aircraft Code by the end of the month after which it is threatening to lodge a complaint against Airbus in Gatt or to retaliate against US sales of the aircraft. The main points in contention are the permissible level of government launch aid for new aircraft programmes and West Germany's exchange rate guarantee to Deutsche Aerospace, its national Airbus partner.

Distorting competition

The US is understandably incensed by the guarantee which, by insulating Deutsche Aerospace against adverse currency movements, flagrantly distorts international competition. However, Bonn argues that, without the scheme, it would have been impossible to privatise Deutsche Aerospace - a step long urged by the US - and that the guarantee will expire in 1996. Washington may have to settle for a European undertaking that such abuses will not recur.

It is important that such commitments be made as watertight as possible. Unrealistically low GATT launch aid ceilings could simply encourage more surreptitious forms of government funding. In an industry where leading producers' heavy dependence on defence contracts blurs the borderline between legitimate government support and anti-competitive subsidy, aid for commercial projects could easily be concealed as military spending. The most effective safeguard would be to have off Airbus production by turning AI into an independent PLC.

Spin-offs

However, the US also needs to recognise that its campaign for purity cuts both ways. Its aerospace manufacturers admit that their civilian ventures benefit - and in some cases are direct spin-offs - from military contracts. More financial transparency is needed, though the close links between the two types of activity, in Europe as well as in the US, militate against any effort to draft formal international regulations on cross-subsidies between them.

Nor is the US above subsidising supposedly commercial projects in other high-technology sectors. The Pentagon is funding Sematech, a joint semiconductor industry programme, and Washington has been under pressure to support a similar venture in high-definition television (HDTV). Like their counterparts in Europe, the schemes are justified by much the same "strategic industry" arguments as have been used to defend subsidies to Airbus.

These arguments see competition as being between countries and regions, not just between companies. This fallacy, which lays much emphasis on notions of self-sufficiency, frustrates international restructuring and ignores the growing worldwide links between producers in the sectors concerned. Tighter international regulations may go some way to check beggar-thy-neighbour subsidising of industrial champions. But the surest cure is for offending governments to realise that they are playing a zero-sum game.

The achievements of, and opportunities for, the once-derided United Nations are mounting at a breathtaking pace. The newly-found spirit of co-operation among the five permanent members of the Security Council has led the world body to create the best opportunity it has had to halt the fighting and to bring peace to what has been arguably the worst human tragedy to strike any country during the second half of the 20th century: that of Cambodia.

The UN has the chance to put to the test its ambitious and costly proposal for taking over the security and administration of a country which has been a battlefield for 20 years, of organising fair elections for the first time in Cambodia's history; and of leaving *in situ* an independent government which enjoys the support of most of the people and is free from dominant external influence. The cost over two years is unlikely to be less than \$500m, it may be as much as \$800m. Some 10,000 troops would probably have to be deployed as well as a similar number of civilian administrators.

The UN has not attempted anything quite so far-reaching before. It will test the commitment of the Asian nations, especially their readiness to bear up to a third of the cost of the UN force. These countries' general lack of enthusiasm for the UN-agreed measures needed to curb the aggression of President Saddam Hussein has contrasted sharply with their historical dependence on the US both for regional security and their own rapid economic development.

The Cambodia tragedy, which grew out of the Vietnam war, has long been viewed in the West as primarily part of the American legacy in south-east Asia, with all the guilt and moral ambiguities that that implies. Fifteen years after the final US withdrawal from Vietnam, Cambodia has evolved into a more distinctly Asian problem. The resolution of its crisis can still be strongly assisted by the US and other western nations, but more depends on the Asian countries, and chiefly on two of the most rigidly communist regimes, those of China and Vietnam.

Flexibility on Cambodia is the key to unlocking the American-led embargo of Vietnam

The most immediate reason for the sudden optimism that both Hanoi and Phnom Penh were at last willing to put real pressure on their Cambodian clients was the agreement reached by the four warring factions earlier this week on the formation of a Supreme National Council. The council will be the repository of Cambodian sovereignty during the proposed interim UN administration and will comprise 12 members and a chairman.

It was agreed during talks this week in Jakarta, the Indonesian capital, that the Vietnamese-installed government in Cambodia headed by Mr. Hun Sen, the Prime Minister, would contribute six members, and two each would come from the Khmer Rouge, backed by China, and the two non-communist factions headed respectively by Prince Norodom Sihanouk, the former head of state, and Mr. Son Sann, a former Prime Minister. It is expected that Prince Sihanouk, despite his repeated and theatrical retirements from the political arena, will become the chairman.

The agreement is historic for a number of reasons. The most emotive and controversial is that it gives the Khmer Rouge a formal constitutional role in the future of Cambodia. It would always have been fair to assume that the policies followed by the Khmer Rouge under the notorious Pol Pot between 1975 and December 1978, when the Vietnamese invaded, would automatically preclude it from

Roger Matthews explains the evolution of a peace plan which could close a bloody chapter in south-east Asia's history

An end in sight to Cambodia's agony

any say in the future of the country. But, incredibly, responsibility for the deaths of up to 1m people by murder, starvation and neglect has not eliminated support for the Khmer Rouge within or outside Cambodia. With special Chinese backing, the Khmer Rouge not only defied for a decade all Vietnamese military attempts to eradicate it as a fighting force, but since most Vietnamese troops withdrew a year ago, has systematically extended its area of influence, getting ever closer to Phnom Penh in the process.

In recognition of this unpalatable political reality, the six-member Association of South East Asian Nations (Asean) has consistently argued that because there were four parties to the Cambodian conflict any durable solution had also to be quadripartite. Mr. Hun Sen has been forced to accept the Khmer Rouge presence but has won his demand for as many seats on the Supreme National Council as the three opposition groups together.

Implied in that acceptance is another key Asean argument - that there must be a third and non-communist option. Asean members have stressed that the people of Cambodia deserve more than the either/or choice between the appalling Khmer Rouge and the Phnom Penh government which, stripped of its official title, is another communist faction headed by former Khmer Rouge party members. Despite their bitter opposition to the present Khmer Rouge leadership, Mr. Hun Sen and his colleagues in the People's Revolutionary Party of Kampuchea have depended ultimately on the support of Hanoi.

To this extent, both communist factions have made significant concessions by agreeing to the UN plan and to the agreement reached by the five permanent members of the Security Council. The moral doubts which western and Asian nations may have suffered by offering indirect support to the Khmer Rouge have been subordinated to the necessity of checking the threat of further Vietnamese military advances. Equally, more and more people and countries have been persuaded that, whatever reservations they may have about the regime of Hun Sen, the present Phnom Penh regime was preferable to the return of the Khmer Rouge. What the Jakarta agreement has emphatically underlined is that in the Cambodian conflict no one can claim consistently to have occupied the moral high ground; attempts to do so have sometimes proved an obstacle to the search for a negotiated settlement.

The agreement reached by the five permanent members of the Security Council has given everyone a chance to scramble on to rather firmer ground. In the space of a few weeks, the US has announced that it will no longer support the opposition coalition (including the Khmer Rouge) occupying Cambodia's seat at the UN and has agreed to talk directly to Vietnam, albeit only about Cambodia and at a relatively low level. China, less fearful of Soviet endorsement following the withdrawal of most Soviet forces from the Cam Ranh Bay base in Vietnam, and mindful of the international horror at Tiananmen Square



Former Cambodian leader Pol Pot



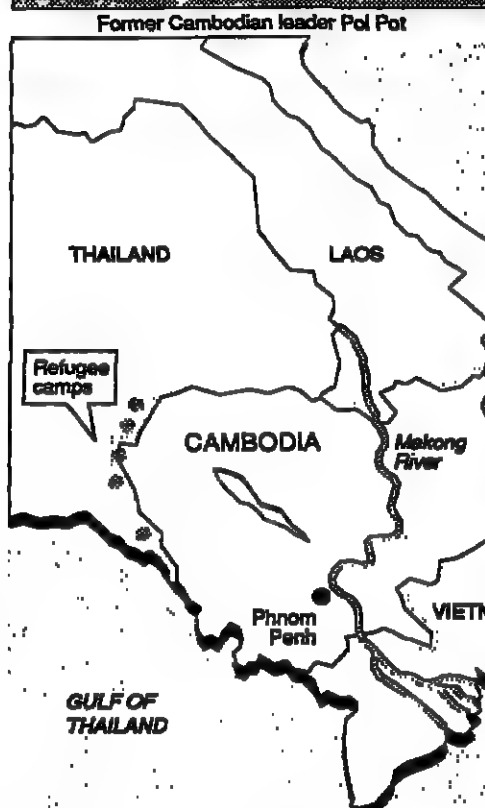
Former PM Son Sann



Prince Sihanouk



Prime Minister Hun Sen



in June last year, has offered to hold direct talks with what it has always described as the Vietnamese puppet regime in Phnom Penh. The Soviet Union has, in turn, agreed to hold talks with Prince Sihanouk.

All this is only a prelude to the really hard part to come. In the months ahead, it will be vital not to lose sight of the fact that the present breakthrough has been achieved primarily because of the collapse of communism in eastern Europe and the huge changes being wrought in the Soviet Union. Vietnam has set its face firmly against any form of internal political liberalisation, but cannot be protected against the dire economic consequences of a massive cut in Soviet assistance. Flexibility on Cam-

bodia is the only key to unlocking the American-led embargo of Vietnam and to opening the path towards eventual economic reconstruction.

But because that assertion is far from being fully accepted by the superpower leadership in Hanoi, it must be assumed that Vietnam will not easily relinquish all its ambitions for Cambodia. It must also be assumed that Mr. Hun Sen appreciates that it would be strongly against the current tide of world opinion for a communist party to triumph at the polls. Indeed, all the communist factions will be aware that those with the most to gain from full implementation of the UN peace plan are currently the weakest militarily: Prince Sihanouk and Mr. Son Sann.

Glaspie in doghouse

April Glaspie, the US ambassador to Baghdad, is fast becoming the scapegoat for the US policy failure on Iraq. A stream of political leaks have cast her as a prime mover in the Bush administration's policy of appeasement toward president Saddam Hussein.

The main charges against Glaspie, aged 43, are that she told Saddam with kid gloves; that she failed to warn him against invading Kuwait; and that she sympathised with his quest for higher oil prices; and that she somehow deserted her post on the eve of the crisis, leaving for a vacation in London one day before the invasion.

But her supporters argue that she is being blamed for major flaws in US policy which grew out of the pro-Baghdad, anti-Iraq tilt in the 1980s. As the envoy to Iraq, she was only executing the policy set down by James Baker, US secretary of state.

Baker's failure to defend Glaspie against some vicious sniping in the US press is seen as typical of his wary attitude to the US foreign service. Yet as Glaspie notes, she was not alone in misreading Saddam Hussein. "Every Kuwaiti and Saudi, every analyst in the western world, was wrong too."

Glaspie, who always takes her mother and her King Charles spaniel on her foreign postings, now finds herself stuck behind a desk at the state department playing a minor role in the Gulf crisis. It is a humiliation for a gifted Arabist, one of the US foreign service's high-fliers.

Old empire

The opening up of eastern Europe is not just allowing new business alliances to be formed. Some old ones will be revived as well. Coats Vlyella yesterday

OBSERVER

announced it is buying a 60 per cent stake in a Hungarian textile group, Masterfil, which owns the thread mill in Budapest. Coats built the mill in 1928 and ran it until nationalisation in 1948.

Apparently not much investment has been put into the mill since Coats left, and the machines are the original ones. However, Coats still has one employee who was an apprentice there before nationalisation - and who will be going back out there in a rather loftier position. The aim will be to bring the thread up to west European standards. That is necessary if eastern Europe is going to invest in the future, much faster, sewing machines.

Coats hopes this might be just the first of several of its former east European businesses to return to the fold. At one time it had operations in eight countries there.

Coats still has the share certificates for its subsidiary in the Soviet Union, with the dividend coupons stamped as paid up to 1916.

Getting that one back may take a little longer.

Stamping on

While everyone else has been praising to the skies the conduct of the United Nations over the Iraq crisis, some members of the European Parliament in Strasbourg yesterday likened its behaviour to that of the Nazis.

The anger was all over the matter of a 36 cent postage stamp. In a new philatelic series featuring great scenes of crime-fighting, the UN has unfortunately chosen to depict three figures apparently representing orthodox Jews sneaking off down a back street carrying bags of loot.



"He's trying to work out whether it's worth going to the third world to fill up"

grounds that it will cause offence to millions of Jewish people all over the world. Are there millions of people anywhere who even know that the UN issues postage stamps, I wonder?

Ohta in London

Takeaki Ohta, who stepped down as deputy governor of the Bank of Japan in June, has fulfilled his parting promise to remain involved in international affairs.

He has become a non-executive director of Kleinwort Benson, making him, it is thought, the first Japanese to occupy such an exalted position in a leading UK merchant bank. He will advise his new colleagues on the development of their Japanese business.

Ohta knows his way around the banking world. At the Bank of Japan he handled foreign relations. He is also an excellent English speaker, and he turns to western classical music for relaxation. The City of London also saw

the return of another prominent name yesterday - Andrew Large, the former chairman of the Securities Association.

Large, who resigned from the board of Swiss Bank Corporation last year, has become a non-executive director of Phoenix Securities, the highly successful mini-merchant bank which specialises in advising banks and stockbrokers.

The idea of joining a small specialist house appealed to him after spending most of his career in the big institutions, he says.

But Large will be keeping in touch with the wider corporate world in his other new role as director of Nuclear Electric, the bit of the power generation industry which the government is not selling off.

Bugs alert

Swarms of expectant daddy longlegs and a falling barometer have convinced Bill Foggett, aged 77, the Thirsk weather sage, that heavy rainfall is due early next week.

He said yesterday: "The daddy longlegs always gather like this when rain is on the way."

They are waiting to breed as soon as the rain has softened the ground so they can lay their eggs. I think the sun might just see the weekend out.

Foggett is forecasting a harder winter than the last year. "We have had three mild ones in a row and it would be unheard of to have a fourth," he says. "But I don't think it will be too harsh. A cycle of hard winters builds up gradually."

Stop smoking. Ban smoking. Ban advertising of smoking.

Quite right, say some. And extend it to alcohol too.

The slippery slope, say others, the end of free speech and free choice.

While this debate overheats, stay cool.

In The Economist this week.

The Economist

Report of United Nations plc,
April 1 2000.

The following is an extract from a statement prepared for and read out by the chairman, US President J. Dan Quayle.

"As we near the end of our first decade of trading, it is apposite to recall how this excellent business began. The core of the company, as founder-shareholders will know, is our wholly-owned subsidiary, Security Council Inc. Its history starts just 11 years ago, in 1979, when some of its then principal stakeholders began trading on their own behalf. The Soviet Union, which was at that time in existence as a single entity, reorganised its eastern businesses, which had been trading at a loss for many years. By letting them float free, it was able to cut off the subsidies from the centre and start its own trade relations with its former loss-making branches on a normal basis. It worked well, since most of the disposals were in fact management buy-outs, and the whole bundle of deals very soon became worth some \$30bn a year at 1990 prices.

Barter was out; cash was in. Yet the new customers were strapped for hard currency, so more re-organisation did little to achieve a quick return in terms of cash flow. That all changed when the first important real estate deal was done. President Mikhail Gorbachev, a hero of capitalism if ever there was one, conceived the brilliant idea of selling East Germany to its then rather naive Chancellor, Helmut Kohl - lock, stock and barrel. The simple Mr Kohl failed to grasp that what he was willing to pay for would have gladly been given away, for the same end-of-subsidy benefits that accrued from the Polish, Hungarian, Czechoslovakian and Bulgarian deals. Gorbachev even showed his magnificence as an actor, by letting it be known that he would hate to part with his Prussian steppes, as he called them, and that there might be trouble from his army if he did so. As the German elections approached he twisted and twisted the knife; eventually Mr Kohl wrote a cheque for \$80bn up front, and that turned out to be only a deposit.

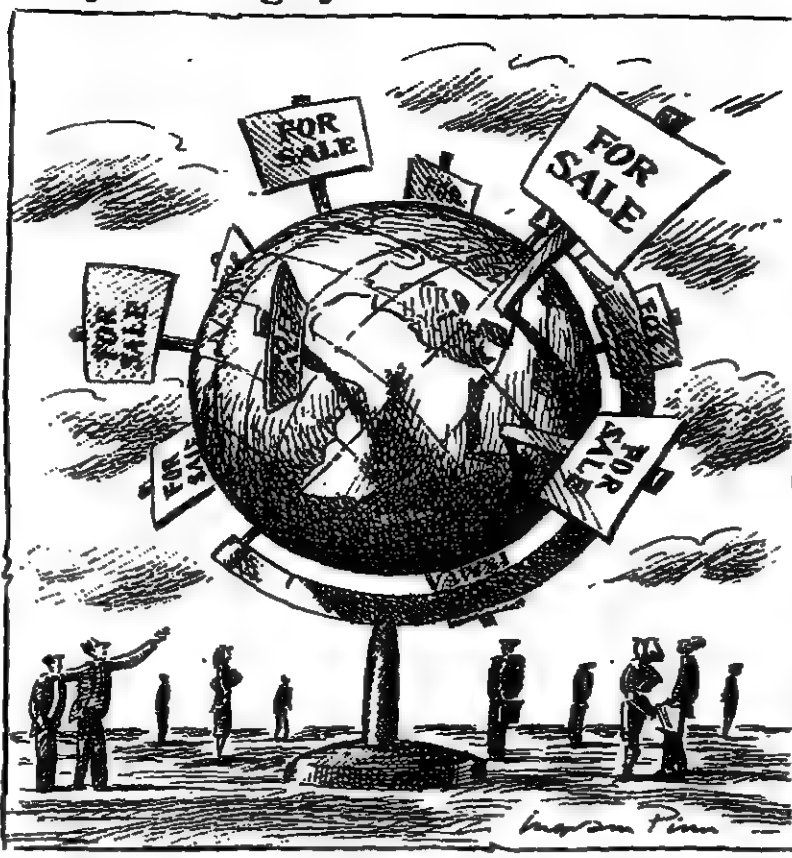
This became a precedent for the sale-back of four small islands that had previously been acquired in a hostile takeover from their then former owner, Japan. The acreage of Kunashir, Etorufu, Shikotan and the fourth, unheard-of island combined was much smaller, but Gorbachev cleverly applied Tokyo property prices; in the end he netted almost as much for these specks in the Kurile chain in the far Pacific as he had for the whole of East Germany. He did not, however, stop there.

Difficult as it may be to conceive in today's climate, at that time votes in the Security Council were taken on an independent, unpaid-for basis. You could not predict the outcome of any particular meeting. President Gorbachev saw his opportunity, and took it. The United States was in need of support in the Council, particularly from its then "permanent members", one of which was the Soviet Union. Entre-

POLITICS TODAY

Excellent full-year results from UN plc

By Joe Rogaly



preneur Gorbachev was happy to oblige, initially in return for promises of a nice surprise in the post but eventually in return for a container-ship load of Marlboros and Lucky Strikes, assorted plain and tipped. Another permanent member, China, initiated what soon became a barter-trade, satisfactory to its participants but eventually unsustainable within a larger conglomerate. Its first vote was given in return for everyone shutting up about the massacres in Tiananmen Square; its second for a prolonged period of hush on the tricky subject of its subjugation of Tibet.

The upshot of all this was that the principal buyer, the United States, soon found itself highly-gearred, over-extended, and otherwise heavily in debt. It had forgiven others their previously accumulated debts in return for services rendered during the great Gulf troubles. This gesture was worth billions to Egypt and subsequently Israel, but the US saw no hope of a return of the favour. It therefore applied good old American principles of trading: having despatched a force to the Gulf "for the good of the world" it subsequently started billing those it thought could afford to pay. "The cheque is in the post," said the Germans and the Japanese, but the bills kept coming, faster than the cheques.

The only way in which orderly trading could be restored, and managed on proper accounting principles, was to privatise the holding company, UN plc, sell shares to any buyer, and take on President Gorbachev's latest kind offer. This was a stunning package: a 50-year lease of the USSR's entire Russian-occupied, Cambodian-seasoned, nuclear-equipped army, navy and air force, plus its British-trained and partly British-staffed KGB security service. These, said the Soviet President, were henceforth for hire as a peacekeeping operation wherever needed. It was magnificent. We salute his state, which can now be seen on the screen, standing at the entrance to the Hayek-Gorbachev Institute of Political Economy in St Petersburg.

I forget who the US president was at that time, but as you know I had an important role in the administration even then. I remember it well, as I face, with confidence, the election for my second term. We Americans share the same can now be seen on the screen, standing at the entrance to the Hayek-Gorbachev Institute of Political Economy in St Petersburg.

power Inc." It won the global tender in 1992 - in spite of fierce competition from Force de Frappe SA - and has retained the contract ever since. Japan and Germany were concurrently admitted as permanent members, for a suitable initial fee, plus annual maintenance costs which more than amply defray the expenses of Superpower Inc. Four golden shares in the ultimate holding company - share known popularly as "Uncle Sam's" - ensure that overall direction is kept in sound hands, i.e. mine.

Ladies and gentlemen, a toast to the new century! ***

Back in the present, British politicians face a general election for the first time in 18 months. The latest round of opinion polls indicates that the Gulf crisis has had no discernible effect on the standing of the political parties. Labour is

still a dozen or so percentage points ahead of the Conservatives; the latter have recovered from the awful shock of falling to 30 per cent and below during the worst upsurge over the poll tax, but they are for the time being stuck at two or three points short of the 40 per cent-plus that would restore their political morale.

The Tories' chances of reaching that figure in time to arrange a fourth general election triumph for their leader depend upon politico-economic calculations that I suspect are being performed on an almost daily basis under the guidance of the Chancellor of the Exchequer. The onset of a recession, which is now increasingly in evidence, is, perversely, good political news, since it will in due course be used to justify a cut in interest rates. Lower mortgage payments are likely to win more votes for the Government than it is in danger of losing from headlines about increasing unemploy-

ment. So far so good.

The trouble is that the Gulf crisis renders all markets so uncertain that it is not easy to know when to make the cut, by the way, the subsequent economic good news, knock a penny or two off income tax, and run for the polling-booths. If the cut is made soon, everyone will conclude that the election will be held next June, in accordance with the four-year cycle set by Mrs Thatcher after her 1979 and 1983 victories. This assumption would quickly develop into a more or less unstoppable force. But that would box her in, against the advice of the Conservative chairman, Mr Kenneth Baker. It would be courageous indeed to so restrict the Conservatives' freedom of choice of an election date while their standing in the polls is so low. So the politics of the interest-rate decision demand fairly precise timing. Such hesitations will keep everyone guessing, possibly for the larger part of next year, since as Mr Baker keeps reminding everyone, there need be no election before June 1992.

This state of uncertainty is one reason why it is now thought that a challenge to the leadership of Mrs Margaret Thatcher, on the model of last year's effort by Sir Anthony Meyer, is unlikely. There is another, even better, reason. Before the summer, and before the Gulf crisis, the toppling-Thatcher plotters were busy. The plan was to initiate a leadership contest and put forward a candidate who would win more than 100 votes from Conservatives. That would demonstrate that at least a third of the Parliamentary party wanted a change. Mrs Thatcher would therefore feel obliged to resign (I doubt this part of the hypothesis), thus making way for Mr Michael Heseltine, the plotters' candidate. The new consensus is that this cannot happen while there is a sense of national emergency, our hostages are in danger, and British troops are in the desert.

The consequent slump in Mr Heseltine's prospects is widely acknowledged. He will probably have to wait until after the next election. He might get the leadership of the Tories if they lose that election, but if they win it Mrs Thatcher will be in a position to hang on long enough to promote the chances of her first choice as successor, probably Mr Major, or, if that cannot be, her own last-ditch candidate. The initials of this person are ABE - Anyone But Heseltine. Perhaps she had this in mind when she rummaged last week-end about the possibility of staying on for another five years or more.

Mrs Thatcher's extraordinary luck has begun to turn in other ways. Europeans, like myself, cannot but accept that the smooth running of the famous train to European monetary union is currently subject to abrupt changes of direction. The self-centred hesitations of other European countries over assistance to the US in the Gulf also constitute bad news for proponents of closer integration of the EC. My money is against an outright Labour victory, but it is beginning to get close to heading your bets time.

LOMBARD

Europe's other front line

By Peter Bruce

If the vertical divide in Europe is fast disappearing, it may be being replaced, less obviously, by a horizontal one. Mediterranean Europe, the south, is beginning to take on the trappings of a front line.

Not far nothing did some Mediterranean countries hesitate in their response to Iraq's invasion of Kuwait; while their particular circumstances differ, they all face potentially difficult Moslem neighbours across the water. The recent fundamentalist victory in municipal elections in Algeria barely made news in northern Europe and the US but it has raised the hair on the back of south Europe's neck.

It is assumed, at least in Madrid, that whatever happens in the Gulf could echo ominously throughout Moslem north Africa and that President Saddam Hussein's battle calls to Moslems are directed as much to north Africans as they are to Gulf Arabs. The French, Spanish and Italians fear, to varying degrees, for the long-term future of moderate regimes in Algeria, Morocco and Tunisia. Mr Felipe Gonzalez, the Spanish Prime Minister, broke off his holiday last month, just before deciding to commit naval forces to the Gulf, to see King Hassan in Rabat - not so much to offer support at a time of Arab crisis but to be coached in how best to react, or at least to be reassured about his instinct, which was to join the blockade.

Not surprisingly, the Spanish continue to plead for a "regional" solution to the invasion no matter how elusive the prospect appears. The Italians have floated an idea, eagerly picked up by Madrid, to establish a Conference on Security and Co-operation in the Mediterranean, similar to the CSCE that operates in Europe. Although the weight of French foreign policy still leans eastwards, the idea is being taken seriously in Paris as well and Madrid is thought likely to make public its proposals later this autumn. Neither the US nor Britain will be thrilled at the prospect of the Libyan Government sharing a forum with some Nato powers, but south Europe cannot pick and chose its dinner partners.

The problem for the southern countries at the moment, however, is predominantly economic. They are Europe's front door to potentially millions of migrant labourers from north Africa. Italy is already suffering from a large influx of people from the south. The presence of Algerian workers in France is feeding the most powerful racist movement in western Europe since the last war. Racist attacks against Moroccan workers in Spain, particularly in Catalonia, are being frequently reported and the Government is considering tightening immigration legislation.

One of the most spectacular summer sights in Spain is the thousands of Moroccans from Holland and Germany, but mainly France and Spain, driving overloaded cars down the country's crowded roads to the ports of Algeiras and Malaga to take ferries home. Closing the door to these people and the many still to come could have disastrous effects. By denying them jobs on the Continent, Mediterranean Europe would be driving them into poverty and, possibly, into the grip of extremist politics.

As the European Community's single market approaches, many weaker south European manufacturers are themselves heading further south to escape higher wages and competition. That would be harder to do if the atmosphere on either side of the Mediterranean were to sour. Just as the West Germans could often irritate their western allies by treading softly in eastern Europe, it should not surprise anyone now that southern Europeans begin to do the same on any issue that touches the Mediterranean or the Moslem world. The growing crisis in the Gulf should bring the point home with a vengeance. With the airspace clogged by US military air traffic as the southern countries - Spain and Italy particularly - form the main links in the US supply chain to the Gulf, it has also not escaped the attention of authorities in Paris, Rome and Madrid that bases in their countries now play host to probably the biggest active military force in the western world - the US Sixth Fleet.

LETTERS

'A concern about citizenship'

From Mr Maurice Stonecroft.
Sir, Joe Rogaly's critique of the report of the Commission on Citizenship (September 12) is curious.

He does not inform readers of the substance of the report. More puzzling, he does not criticise any of the main aspects of the report.

The Commission was established to look at ways in which citizens can participate fully and effectively in society. In brief, the report warns against the low level of concern about citizenship issues at a time of significant changes in the status and entitlements of individuals; argues that citizenship is a gift of history which can be lost by indifference and neglect, and calls for a strengthening of participating arrangements.

The report is based upon the civil, political and social elements of citizenship, which as far as we could judge, matches the British people's perception of it.

We identified five serious impediments to the exercise of citizenship within the present day public arrangements in Britain:

- Lack of knowledge.
- Legal confusion.
- Obstacles to public office.
- Complexity of social legislation.
- Lack of clarity about entitlements, duties and the obligations of public institutions.

The recommendations on learning to be a citizen, the administration of justice, the relationship between public services and the voluntary sector, opportunities for volunteering, Parliament, and citizenship and the public and private sector enterprises are based on a realistic and practical analysis. None of them are of the apple-and-cream, pie-in-the-sky genre.

The Commission's specific proposals for review include:

- A major programme for teaching citizenship in schools, and encouraging activities among young people.
- A review and a codification of the law relating to the legal rights, duties and entitlements of the citizen in the UK.
- A review of the public services on a sector by sector basis with the aim of establishing the boundaries between the responsibilities of the public services and that which voluntary organisations could undertake.
- Training for those in public positions of responsibility and authority in the entitlements of citizens and the obligations of public institutions.

Joe Rogaly and the Commission have one over-riding common concern: a concern about the state of citizenship. The Commission's report is an opportunity to promote a wider public debate on citizenship than has taken place so far.

Maurice Stonecroft, chairman, Commission on Citizenship, 237 Pentonville Road, NI

of public institutions.

The establishment of an independent public body, for example, a Standing Royal Commission, to document, research and publish materials related to citizenship.

Joe Rogaly criticises the Commission for not proposing an unspecified set of radical constitutional reforms as a foundation stone both for true pride of citizenship and whose rule governs all.

Leaving aside the fact that constitutional reforms were not part of our terms of reference, the Commission's report is squarely centred on promoting concern and participation of individuals in citizenship issues.

The Commission's position is that the scale and nature of the concern and participation of individuals in citizenship is the true foundation stone of citizenship.

Joe Rogaly and the Commission have one over-riding common concern: a concern about the state of citizenship. The Commission's report is an opportunity to promote a wider public debate on citizenship than has taken place so far.

The authority of the UN is important

From Mr Geyne Walker.
Sir, Mr William Waldegrave, Minister of State at the Foreign Office, says that ending the Iraqi occupation of Kuwait is a higher priority than maintaining international consensus, and that Britain would only seek UN approval of military action against Iraq if there were absolutely clear indications that the Security Council would not veto it (FT report, September 10).

Such an alarmingly short-term view fatally undermines the authority of the UN. The moral case against Saddam Hussein is that it is wrong for one country to use superior military force to impose its will on another. Restoring the legitimate (but far from democratic) government of Kuwait would be a hollow victory if this were achieved by the overwhelming power of the US, but without the international support Mr Waldegrave seems to regard as a mere "optional extra".

Geyne Walker, The Old Vicarage, Barton, Tivoli, Penrith, Cumbria

Honours observed

From Mr J.D. Tunnicliffe.
Sir, Observer (September 4) is not quite correct in saying that the KBE (Knight of the British Empire) is the highest honour the Queen can award to a foreigner.

It is the highest honour usually awarded to a foreigner in a private capacity.

made honorary KOs (Knight of the Garter). President Reagan of the US received the GCB (Grand Cross of the Bath). There have been numerous foreign holders of the OM (Order of Merit). All these take precedence over the KBE.

J.D. Tunnicliffe, 100 High Street, Great Abington, Cambridge

Gremlins of misunderstanding bedevil inflation accounting

From Mr John Locke.
Sir, Professor Myddelton is quite right (Letters, September 6) in arguing for a system of inflation accounting based on constant purchasing power (CPI). The debate between this (CPI) and current cost accounting (CCA) was bedevilled by a common misunderstanding demonstrated by Mr David Damant (Letters, September 10).

Mr Damant suggests that the rise in the oil price demonstrates that adjusting oil stocks for general price inflation is

incorrect. What this overlooks is that true inflation accounting is intended only to reflect the effect of general price inflation on the value of the shareholders' equity.

The opposite side of this coin is an equal and opposite adjustment to all the other items in the balance sheet.

The purpose of inflation accounting is not to reflect the present value of assets (and liabilities) arising from factors other than general price inflation: these can be dealt with by

specific adjustments to each item, if that is considered desirable.

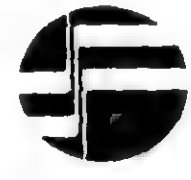
The misunderstanding is the idea that inflation accounting is about value. It is not. It is about cost, and the purpose of using a general price index is to reflect the cost of the balance sheet items in a unit that relates to the present.

It is true that different items in the balance sheet inflate at a different rate, and that a general price index is merely an average that is probably only

correct for a small number of people. These are sometimes given as reasons for not having inflation accounting at all. However, it would be true even with zero general inflation.

The purpose of making CIP adjustments is, as stated, not to reflect the assumed actual value of assets and liabilities, but to prevent general price inflation from distorting the balance sheet.

John Locke, 101 High Kingsdown, Bristol, Avon



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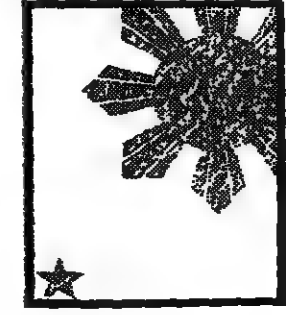
Since our year end, the crisis in the Gulf has cast a shadow over the prospects for the global economy. The Asia Pacific region is no exception but we believe that the outlook remains encouraging with mutually reinforcing growth expected to be sustained through increased intra-regional investment and trade flows. Notwithstanding its shortage of domestically-produced

oil, the Philippines will participate in this secular growth trend and I am cautiously optimistic that the major problems faced by the country will gradually be resolved."

A.H. Smith
3rd September, 1990

For a copy of the Annual Report please contact either:
Janine Fleming, 46th Floor, Jardine House,
One Connaught Place, Hong Kong.
Attn: D.R. Howard Tel: (852) 843 8888 Fax: (852) 845 2709 or
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Annual Report
30th June 1990

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FINANCIAL TIMES COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1990 Friday September 14 1990

TAYLOR WOODROW

Teamwork in Construction
Housing Property Trading

INSIDE Crisis in Gulf may leave Remy flat

The Gulf crisis has had an unwelcome effect on almost everything: oil, meat, stock markets and now, even cognac. Remy & Associates, the world's fourth largest champagne producer and worldwide distributor of Remy Martin cognac (logo left), yesterday took the prudent route of forecasting unchanged net profits for 1990/91, despite rising operating profits. Chairman Ralph Browning said the turbulence in currency markets could affect profits. Andrew Baxter reports. Page 22

Booming bond business
Rising world oil prices, combined with one-off issues such as the savings and loans rescue in the US and the cost of German unification, are contributing to the deterioration of public sector finances in the world's industrialised nations. As already sluggish economic growth is dampened and government tax revenues depressed, an expected result is a worldwide increase in the issue of government bonds. Simon London reports. Page 28

Closing in on Enimont
Raul Gardini (left) was yesterday an important step closer to securing undisputed control of Enimont, Italy's public-private chemicals joint venture. A late night meeting earlier this week has satisfied the conditions for a buy-out of one partner by the other according to procedures laid down by the Government. John Wyles reports on the latest move in the battle between ENI, the state energy company, and Gardini's Montedison. Page 22

Sad tidings from UK builders
Little cheer from UK construction and house-building group, John Laing: "This year has been tough but next year is unlikely to be any easier." Pre-tax profits plunged by almost two-thirds during the six months to the end of June. Costal results were little better. Pre-tax profits during the first six months fell by almost 38 per cent. Page 27

Sweden tunes in to advertising
Commercial ads are coming to Sweden. Tomorrow sees the launch of the country's first commercial satellite station and on Sunday, an expected and long overdue decision from the ruling Social Democrats will accept the introduction of advertising on terrestrial television. These moves mark the latest breach in Sweden's crumbling resistance to commercial TV, seen by many as a threat to cultural values. Page 24

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Chief price changes yesterday

FRANKFURT (DM)		PARIS (FF)	
Rhine	645 + 7	Rhine	552 + 27
DLM	380 + 5	Paris	375 - 58
Deutsche Lloy	380 + 5	Accor	375 - 11
Deutsche Lloy	380 + 5	Eco	350 - 8
Deutsche Lloy	380 + 5	Interbank	404 - 21
Deutsche Lloy	380 + 5	Interbank	404 - 21
Deutsche Lloy	380 + 5	Interbank	404 - 21

London (Pence)

AB Ec	208 + 4	EC	208 + 4
AB Ec	208 + 4	EC	208 + 4
AB Ec	208 + 4	EC	208 + 4
AB Ec	208 + 4	EC	208 + 4
AB Ec	208 + 4	EC	208 + 4

Willis to press Corroon bid

By Nickle Tait in New York and Richard Lapper in London

WILLIS FABER, the London-based insurance and reinsurance broker, is to press ahead with plans to merge with the US insurance broker, Corroon & Black, despite a lucrative counter-bid by the US insurance holding company, Aon Corporation.

Growing indications that Corroon's board is not enthusiastic about the \$40-a-share bid from Willis could reinforce the decision by Willis to increase its own offer of \$33.49 a share, originally agreed in June.

According to the Peter Stevens, head of corporate affairs at Willis Faber: "We are not going to change the terms of the offer. At the moment we still have a merger and we will have a deal."

Willis Faber insists that the merger with Corroon, in which the London broker would have a 60-40 majority, "offers long-term strategic advantages and is in the best interests of the shareholders of both companies."

Mr Stevens noted that Aon chairman Pat Ryan had made it clear in a letter to Corroon, which provided the first details of the counterbid, that his company would make its offer only if this was not opposed by the board of Corroon & Black. "The initiative lies with them. It is up to them to react. The ball is firmly in their court," he added.

Willis's capacity to revise its present offer, which shareholders are still to approve on September 28, is limited, analysts believe. A new issue by Willis to Corroon shareholders would reduce the value of earnings and "dilute" Willis's shares further, according to insurance analyst Chris Pomtana, of investment bank Morgan Stanley.

Analysts believe that based on the current share prices, Willis would have to raise about \$130m (\$22m) if it were to supplement its existing paper offer with cash. Willis has access to these sums, especially bearing in mind the disposal last year of its share in the merchant bank, Morgan Grenfell. But by using these resources to top up its existing bid for Corroon, the broker would jeopardise plans to expand elsewhere.

In New York, meanwhile, Corroon & Black was attempting to assemble its board yesterday, but said that no date had been fixed for a meeting.

The broker has yet to make any formal response to the Aon approach, but both Corroon board and management were thought to be enthusiastic about the merger with Willis. Some New York analysts suggest that the broker would prefer Willis as a potential partner.

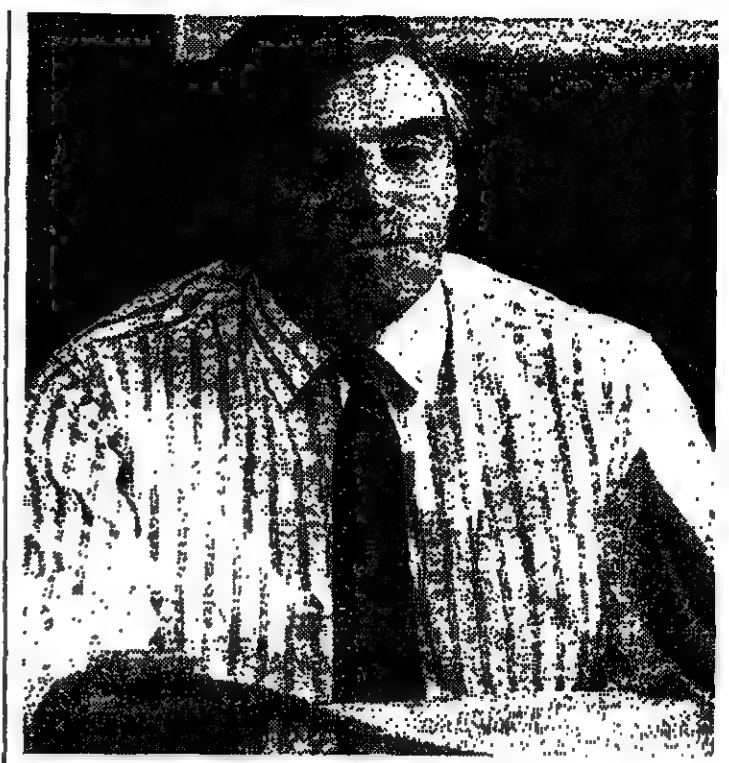
"The deal they carved had been done mutually. You can argue that it was done at the expense of shareholders, which may or may not be the case. But Aon and Corroon have very different cultures," suggested Joan Zief, an analyst with Merrill Lynch. "I can't see Dick Miller (the chairman of Corroon) wanting to work for Pat Ryan," added another analyst.

Corroon's attitude is particularly important because about 30 per cent of the brokers' shares are held by employees, including middle management and senior executives, as well as some people who have sold their businesses to Corroon. One analyst pointed out that for some of these shareholders, a paper offer could have advantages over an all-cash bid which would trigger a capital gains tax charge. This could be a factor leading shareholders to favour the Willis offer.

Meanwhile, Standard & Poors, the US credit agency, yesterday said it had placed Aon's debt and commercial paper ratings on creditwatch with "negative implications".

If Aon was successful in acquiring Corroon, S&P said it believed Aon's financial leverage could be pushed above 40 per cent. This would imply greater demands on "subsidiaries to upstream dividends necessary to service debt interest."

Lex, Page 20



Roger Elliott, head of Willis Faber: long-term advantages

Barclays to enter German credit card market

By Katharine Campbell in Frankfurt

BARCLAYS, Britain's biggest bank and the largest issuer of credit cards in Europe, is entering the jealously guarded but growing German credit card market via a joint venture with Hertz, the big West German retailer.

Hertz established its card service 20 years ago. It will now be able to offer its 450,000 cardholders an expanded and more sophisticated service through CFS Card Finanz Systeme, a small Hamburg-based company in which Barclays bought a majority share last summer.

Among other things, Hertz's Golden Kundenkarte (gold customer card) will be upgraded from a charge to a credit card.

The Kundenkarte is already contributing some 8 per cent to the store's turnover; its charge card turnover in 1989 reached DM414m (\$260m).

The immediate attraction for Barclays is the Hertz network through which it plans to offer personal loans and other financial products.

Hertz already has nine Finanz Service Centres among its nationwide chain of 53 department stores.

The West German credit card market is remarkably underdeveloped.

Ordina, Frankfurt-based consultants specialising in payments systems, estimated that the big four groups - American Express, Diners Club, Visa and Eurocard - had only 3.7m cards in circulation in a country of more than 60m people at the end of 1989.

Eurocard, the charge card promoted by the powerful nucleus of German banks, has struggled to make an impression on customers loyal to the Eurocheque system which is also the province of the domestic banks.

Barclays, meanwhile, has 12m cards in circulation in the UK alone, the vast proportion of those with Visa.

In Germany, on the other hand, Visa is struggling to break the hold of domestic banks. Industry observers believe Barclays' latest move may be in preparation for a full-scale assault on this area.

The UK bank's ambitious move comes at a time when Barclays is putting Germany at the forefront of its European strategy. It is the only UK bank poised to enter the East German market.

Barclays Bank is expected to open an office in East Berlin next month.

BZW, the investment banking arm, is also coming to Frankfurt when it has obtained a license from the Berlin regulators.

Finally, Barclays' name has been mentioned as a possible suitor for BfG, the ailing ex-trade union bank, in which the insurers, Aachener & Münchener, own a majority stake.

RTZ blames 4% fall in first-half net profit on lower metal prices

By Andrew Seliger, in London

RTZ CORPORATION, the world's largest mining group, blamed lower metal prices for a 4 per cent drop in its net profits to £269m (\$144m) in the six months to June 30.

Sir Derek Birkin, chief executive, took a cautious view of the economic uncertainty caused by the Gulf crisis but said demand for metals remained strong and prices seemed to be "pretty robust."

He said that if copper and aluminium prices had not dipped in the first half of the year, profits would have outstripped last year's record levels by 15 per cent.

Turnover was 19 per cent down at £2.66bn. Of the £269m drop, £241m related to businesses sold in the second half of last year. The revenue of continuing businesses fell by 6 per cent, reflecting mainly lower base metal prices.

Earnings per share were 14 per cent lower at 27.3p due to the large number of shares in issue following the £486m rights issue in July last year.

RTZ's related industrial activities contributed £24m to net earnings, a reduction of 17 per cent. The weakness of the North American and UK construction, auto, mobile, and consumer durable industries affected RTZ Pillar's building products, engineering and distribution business. In the past 18 months, 3,000 jobs had gone, 15 per cent of Pillar's workforce.

Sir Alistair Frame, chairman, said: "RTZ, like other companies operating widely in the global market place, is not immune from the influences of the more rigorous and uncertain economic circumstances that prevail and which could well intensify."

"These problems are compounded by developments in the Middle East which have been reflected in rising oil prices, a fall in the US dollar and the recent strength of sterling."

"RTZ remains the leader in its sector and is in good shape to cope with these pressures. In planning for the long term, we continue to make new investments in world-class projects. Our strong, diverse asset base and sound balance sheet will also enable us to seize opportunities as they occur within our defined operating base."

The interim dividend rose from 5p to 6p. However, Sir Derek said the 20 per cent increase should not be taken as an indication for the year as a whole.

The board wished to improve the balance between the interim and final dividends, with the aim of getting it closer to a one-third to two-thirds split.

Lex, Page 20

Pirelli to consider Continental link

By Haig Simonian in Milan

THE BOARD of Pirelli, the leading Italian tyre and cables group, is to meet later today to consider some form of closer link with Continental, the big West German tyre group.

Bringing together Continental and Pirelli, the world's fourth and fifth biggest tyre manufacturers respectively, would create an entity with sales of about \$70n a year.

It would also mark probably the last big stage of an industry restructuring which has already seen more than 25 per cent of world sales fall into the hands of six large producers.

It remains unclear whether the type of transaction being considered is an acquisition of Continental by Pirelli or some looser form of co-operation.

A representative of Continental in Hannover said the company was not aware of any approach from the Italian group, and declined to comment further. A Pirelli official said: "We don't comment on this rumour."

Continental has annual sales of close to \$4bn. Pirelli's tyre sales are about \$3bn.

Even their combined sales, however, would not be sufficient to demote any of the top three groups in the industry.

Groupe Michelin of France is the world leader, with annual tyre sales of just under \$10bn as a result of its acquisition in April of Uniroyal-Goodrich of the US. Goodyear Tire & Rubber of the US is second, with sales of about \$8.5bn, just ahead of Bridgestone of Japan, with sales of about \$8bn.

Bankers have suggested that Pirelli, which split off its tyre activities last year into the separately quoted Pirelli Tyre Holdings (PTH) subsidiary, would have trouble financing the purchase of a company of Continental's size. PTH has a market capitalisation of about \$1.25bn against DM3.35bn (\$1.5bn) for Continental.

As a result, it has been suggested the two companies may be considering the possibility of some form of share swap, with the exchange of stakes of 5-10 per cent.

An alliance, of whatever nature, would make sense in view of the depressed state of the world tyre industry.

Earlier this month, Continental announced a 29 per cent drop in its first-half pre-tax profits to DM100.5m. PTH's first-half net earnings, released days later, revealed a 61 per cent plunge to F140m (\$62.4m).

Rolls-Royce shares slip 17p after 'disappointing' pre-tax profit rise

By Paul Setts, Aerospace Correspondent, in London

ROLLS-ROYCE, the UK aero-engine group, yesterday reported a 14 per cent increase in first-half pre-tax profits to £115m (\$61.6m) from £101m in the first half of last year.

The performance disappointed London analysts who had been looking for interim pre-tax profits of between £120m and £125m. Rolls-Royce shares closed 17p lower at 181p.

Lord Tombs, the chairman, said earnings growth had been dampened by the after effects of strikes at the end of last year and higher net research and development spending.

Sir Ralph Robins, the deputy chairman, estimated that the seven-week engineering strike last year coupled with the indirect effects of the strike at Boeing, the US aircraft maker, cost Rolls-Royce between £10m and £15m in the first half of this year.

Disruption caused by the strike seriously affected the company's cash flow reflected in a reduction in net interest receivable from £20m to £2m.

Sir Ralph said production delays should be fully recovered by the end of this year.

Net research and development spending increased to £26m from £14m in the first half last year, and Lord Tombs said it was expected to be somewhat higher in the second half of this year as the company's large Trent commercial engine programme gathers momentum.

Lord Tombs said the company was continuing to gain market share and orders stood at a record level of more than \$5bn. Prospects in the commercial aero-engine market remained buoyant but on the military engine side they were less encouraging, he added.

Rolls-Royce yesterday confirmed it was rationalising its military engine operations based at Bristol involving the reduction of between 7 and 10 per cent of the military engine workforce. However, Sir Ralph said the restructuring affecting between 600 and 800 people was not expected to involve any compulsory redundancies.

Although the company was rationalising its military operations in the face of recent Ministry of Defence procurement cuts, including the cancellation of a batch of 33 Tornado aircraft, Sir Ralph said Rolls-Royce had started to step up production at Bristol to provide engine spares for aircraft in the Gulf.

The results also included a full half-year period for Northern Engineering Industries (NEI) compared with only seven weeks following the merger of the two companies last year. NEI's pre-tax profits totalled £18.5m compared with £18.3m for the first half last year.

Rolls-Royce's turnover rose 41 per cent in the first half to £1.59bn (£1.12bn). Aero-engines sales, accounting for 62 per cent of total turnover, rose by 16 per cent to £933m.

However, Aero-engine profits before interest charges dipped to £68m in the first half from £70m in the same period last year.

Overall operating profit rose by 19 per cent to £196m from £165m. Earnings per share amounted to 9.5p (10.1p), and the company is increasing the interim dividend to 2.55p (2.3p).

UB may shut frozen food plants

By Clay Harris in London

UNITED BISCUITS (Holdings), the biscuits and snacks group, may close half of the 18 factories operated by Ross Young's, its frozen foods subsidiary which yesterday reported a 31 per cent fall in first-half trading profits.

Ross Young's is the UK's second largest frozen foods company, after Bird's Eye, which is owned by Unilever. It has 10,000 employees.

Its first-half result restrained UB, which also makes KP snacks and McVitie's biscuits in the UK and Keebler cookies in the US, to a 10 per cent increase to £23m (\$153.5m) in pre-tax profits.

UB will be studying all aspects of the frozen foods operation, according to Mr Eric Nicoli, who becomes chief executive on January 1. The main thrust, however, will be to use capacity more efficiently and flexibly, and this is likely to mean dramatic factory closures in the next few years.

The immediate difficulty at Ross Young's was a jump in fish costs in the first quarter, which it was not able to recoup through higher prices. Trading margins recovered in the second quarter, but interim profits still fell.

In the longer term, UB wants to achieve the same margin increases in frozen foods that it did in biscuits by investing in efficient production capacity and closing older factories.

UB is also likely to sell its wholesaling operation, Ross Young's Food Services. Other frozen distributors are reluctant to carry Ross Young's products because part of its business competes with them. Mr Nicoli said any sale would not include Alveston Kitchens, a manufacturer supplying directly to caterers.

Results, Page 28

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INTERNATIONAL COMPANIES AND FINANCE

Gardini closer to control of Enimont

By John Wyles in Rome

MR Raul Gardini, president of Italy's Ferruzzi group, was yesterday an important step closer to securing undisputed control of Enimont, the public and private chemicals joint venture, for which he has battled all year with ENI, the state energy company.

After agreeing at a late night meeting on Wednesday with Mr Gabriele Cagliari, the ENI president, and Mr Franco Piga, the Minister for State Shareholdings, that there was no basis on which they could stay together in Enimont, the conditions were then satisfied for a buy-out of one partner by the other according to procedures laid down by the Government.

Once it has received official authorisation - probably some time next week - ENI has 15 days in which to fix a price for its 40 per cent of Enimont. Montedison, the Italian chemicals partner in Enimont that is controlled by Ferruzzi, then has 15 days to decide whether to buy or sell its 40 per cent of ENI for the same price.

Since the method by which the price will be fixed still remains a mystery, there are grounds for wondering whether ENI's price may be politically determined to encourage Mr Gardini to sell out.

The Government has said it is ready to face full privatisation of Enimont and Mr Piga has promised "transparency" in the pricing process, but ministers have not required ENI to commission an independent valuation. An ENI representative was unable to confirm reports that Goldman Sachs had been hired to provide technical assistance on the pricing.

A Gardini sell-out to ENI would be more popular across the Italian political spectrum than leaving him in control of 35 per cent of the Italian chemicals industry. Trade union representatives were yesterday voicing fears about possible plant closures and a gradual rundown of the industry if Montedison were to take over.

Mr Piga has said that the ultimate full owner of Enimont must maintain control of the company in Italian hands, apply the business plan originally agreed between ENI and Montedison, and adhere to government policy guidelines for developing Italian chemicals.

These conditions apparently present no problems for Montedison, but the Government were to issue next week tougher guidelines for Enimont's future, then Montedison would expect these to be reflected in a lower price for the ENI stake. Otherwise, it will accuse the Government of favouring the ENI case for control of Enimont.

Crisis in the Gulf may leave Rémy flat

By Andrew Baxter

THE GULF crisis is likely to cause a hiccup in progress at Rémy & Associés, the world's fourth largest champagne producer and worldwide distributor of Rémy Martin cognac. Mr Ralph Browning, chairman, said in London yesterday.

After a 45 per cent rise to FF158m (\$30m) in net profits for the year ended March 31, Rémy & Associés now believes it would be prudent to forecast unchanged net profits for 1990/91, although operating profits are likely to continue rising.

Mr Browning, who was appointed chairman of Rémy & Associés last month, said the Gulf crisis was causing uncertainty about consumers' intentions, particularly in the US, but the main problem for Rémy was the current turbulence in the currency markets.

About 20 per cent of the company's sales were in dollars, and 11 per cent in yen, and 64 per cent of 1989-90 sales of FF14.3bn were outside France.

However, looking beyond the Gulf crisis, Mr Browning said he thought the company would very quickly recover its strength, and was well-placed to take advantage of the worldwide trend towards high-quality drinks. Ninety per cent of the company's sales were in products of VSOP quality and above.

Also, despite recent acquisitions, including Piper Heidsieck champagne, Rémy & Associés could accommodate distribution of more third-party brands without making further investments in its distribution network.

Portugal to launch tough rules for private banks

By Patrick Blum in Lisbon

PORTUGAL is introducing tough rules for the establishment of private banks, or the expansion of existing private financial institutions, in an effort to ensure the long-term survival and future competitiveness of its troubled state-owned banking sector.

Mr Miguel Belez, Portugal's Finance Minister, said yesterday that the private sector would have to contribute financially to bring the whole of the country's banking system into a more healthy situation.

Under the new rules, all private banks, both domestic and foreign, wishing to establish operations in Portugal or expand existing networks, will be required to buy some of the long-standing bad debts of the state-owned banks.

The price for these non-performing loans, whose real worth will be based on their

possible repayment value, will be negotiated between the buyer and the selling bank after an official evaluation of the debt by Finagost, a state financial institution established specifically for this purpose.

By buying these assets and paying a premium over the estimated value of these loans, private banks will score credits enabling them to set up or expand their operations in proportion to the premiums paid.

The new rules also apply to non-bank financial institutions.

Mr Belez yesterday described the measure as "an exceptional instrument of intervention," made necessary by the forthcoming liberalisation of the financial sector after 1992 and by the accumulated severe inequalities that have developed within Portugal's banking system, notably

between the private and state sectors.

The measure, he said, was needed to "ensure the survival with a minimum viability, of the nationalised banks."

The bulk of Portugal's financial sector was nationalised in 1975, but the state-owned institutions have suffered from repeated government interference and from being compelled to make loans on political rather than commercial grounds.

The result is that all state-owned banks carry a substantial and crippling volume of non-performing loans. In contrast, private banks - which have been allowed to operate again since liberalisation of the banking system began in the mid-1980s - have easily outpaced in performance and earnings the state banks, further endangering the latter's long-term prospects.

Legal & General hit by storm claim losses

By Richard Lapper in London

LEGAL & GENERAL, the UK life and general insurance company, yesterday reported a pre-tax profit of £41.5m (\$78.8m) for the first six months of 1990, compared with £76m at the halfway stage last year.

The company announced a 13.5 per cent increase in the interim dividend to 5.9 pence per share.

The group's core life and pensions business performed strongly. Worldwide annual life premium income increased to £164.5m compared with £153.5m in the first six months of 1989.

International single life and pensions premium income rose to £283.4m compared with

£204.9m in the same period of 1989. Profits on worldwide life and pensions business increased by more than 20 per cent from £51.1m in the first six months of 1989 to £62.7m this year.

Group chief executive Mr Joe Palmer said the increase in new individual life annual premiums - many of which are linked to mortgage endowment policies - in the UK (from £89.7m to £95.4m) was "credit-able bearing in mind the current state of the house purchase market."

Like other UK insurers, however, Legal & General's general insurance business was hard hit by a combination of weather-related losses and competi-

tive market conditions. Losses from the January and February storms amounted to £38m after reinsurance recoveries.

Mr Palmer also highlighted increased losses from subordination as one of the factors behind UK underwriting losses of £31.2m. He admitted that Legal & General would probably have to pay more for its reinsurance protections next year.

Although there would be no decisive moves for some time, pressure for any decisions to increase rates would be "crystallised" by reinsurers' demands, said Mr Brian Palmer, managing director, general insurance.

Legal & General registered £1m losses on its estate agency operations. These, however, pale beside those registered by its competitors. The company opted to form agency agreements with estate agencies during the housing boom and only began to buy outlets last year. It has now acquired 300 estate agents, 130 of these in the first six months of 1990.

According to Mr Palmer, Legal & General paid an average price of £164,000 for each estate agent outlet, about a third of the going price three years ago.

Legal & General was prepared to continue with "its opportunism" in this area, said Mr Palmer.

COMPANY NEWS IN BRIEF

Delta Dairy extends offer

DELTA DAIRY, the largest food company in Greece, is extending a public offering of its shares to counteract the effects of strike action currently affecting Greek industry, including the banks, Reuter reports.

The closing date, originally set for today, will now be extended by as many days as proves necessary, Delta said.

The offer consists of the issue of 3.85m shares, including a public offering of 2.40m, to raise 14.35m drachmas (\$32m) to finance expansion over the next five years.

GAZ DE FRANCE, the French state gas monopoly, has filed a formal application with East Germany's Treuhandanstalt - the trust body that owns most of the country's industry and is charged with privatising it - to buy a minority stake in the gas distribution monopoly Verbundnetz Gas, AP-DJ reports.

Gas de France said the move fit into the group's drive to build up critical mass in the fast-growing international market for natural gas.

Monday, due to consider serious charges against Ferruzzi arising from its trading activities in the July 1989 soyabean contract, Reuter reports.

Ferruzzi, a unit of Ferruzzi Finanziaria, said it was seeking a preliminary injunction on the grounds that the CBOT had prejudged the company and had a financial stake in finding it at fault.

Mitsubishi Bank, a leading Japanese city bank, yesterday said it had no plans to sell 71.4bn Mountain shares for ¥1.4bn from Nakanishi, the Japanese car audio equipment maker, which previously owned 100 per cent of Mountain.

Mitsubishi Bank's north American headquarters, responding to reports this week, said it had no such plans for its San Francisco unit, now or in the future.

Nissho Iwai, a leading Japanese trading house, has acquired a little more than 12 per cent in Mountain Computer of Campbell, California, AP-DJ reports from Tokyo.

Nissho Iwai said it had bought 1.6m Mountain shares for ¥1.4bn from Nakanishi, the Japanese car audio equipment maker, which previously owned 100 per cent of Mountain.

CanPac plans share buy-back

By Bernard Simon in Toronto

CANADIAN Pacific is taking advantage of a recent slide in its share price to spend up to C\$570m (\$548.1m) on buying back common shares.

The diversified Canadian transport and resources group said yesterday that it planned to buy back up to 31.5m ordinary shares, equal to 9.9 per cent of the total outstanding.

Mr Greg Liddy, analyst at BBN James Capel in Toronto, said that even buying all 31.5m shares would not impose an undue strain on CanPac's balance sheet.

Purchases will be made on the open market.

CanPac's share price on the Toronto Stock Exchange immediately jumped by 75 cents yesterday to C\$18.75, which is still a substantial discount to the company's estimated C\$25-a-share book value. The shares have traded as high as C\$28.68 in the past year.

Mr Liddy, analyst at BBN James Capel in Toronto, said that even buying all 31.5m shares would not impose an undue strain on CanPac's balance sheet.

Describing the decision as "the single smartest thing for them to do at the moment," Mr Liddy said the purchases would have the added advantage of underpinning the share price in a weak market.

CanPac's shareholders have suffered several setbacks in recent months, notably the withdrawal of a plan to distribute shares in its real estate subsidiary, Marathon Realty.

CanPac's first-half income tumbled by 34 per cent, due largely to tough conditions in the forest products business.

Lombardfin suspended from trading

The Gulf crisis erupted on August 2.

Lombardfin's financial difficulties depressed the bourse last month because operators feared the dealer would have to sell large blocks of stock to meet its settlement obligations.

There have been reports in Italy that Lombardfin is seeking a foreign partner to help recapitalize the company.

Mr Paolo Mario Leati, Lombardfin's managing director, was found guilty of insider trading in the US in 1986.

In May 1988 the US Supreme Court let stand the lower court ruling that Mr Leati and another Italian violated insider trading laws and must give up nearly \$3m in illegal profits arising from a takeover bid for St Joe Minerals in 1981.

New Issues

23rd September, 1990



KAWASAKI HEAVY INDUSTRIES, LTD.

U.S. \$340,000,000

4 7/8 per cent. Notes 1994

with Warrants

to subscribe for shares of common stock of Kawasaki Heavy Industries, Ltd.

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

DKB International Limited
Daiwa Europe Limited
Mitsui Taiyō Kobe International Limited
The Nikko Securities Co., (Europe) Ltd.

Deutsche Bank Capital Markets Limited
LTCB International Limited
J.P. Morgan Securities Ltd.
Nippon Kangyo Kakumaru (Europe) Limited
Algemene Bank Nederland N.V.
Citicorp Investment Bank Limited
Daiwa Bank (Capital Management) Limited
Goldman Sachs International Limited
KOKUSAI Europe Limited
NatWest Capital Markets Limited
Salomon Brothers International Limited
Sanyo International Limited
Sumitomo Finance International
Swiss Bank Corporation
UBS Phillips & Drew Securities Limited

Credit Suisse First Boston Limited
IBJ International Limited
Morgan Stanley International
Nomura International

Kyowa Finance International Limited
Merrill Lynch International Limited
New Japan Securities Europe Limited
S.G. Warburg Securities
Bank of Tokyo Capital Markets Group
Credit Lyonnais Securities
Dresdner Bank Aktiengesellschaft
Kleinwort Benson Limited
Lehman Brothers International
Okasan International (Europe) Limited
Sanwa International plc
J. Henry Schroder Wagg & Co. Limited
Sumitomo Trust International plc
Taiheyo Europe Limited
Westdeutsche Landesbank Girozentrale



KOREA FIRST BANK

(Incorporated with limited liability in the Republic of Korea)

U.S. \$50,000,000

Floating Rate Notes Due 1998

In accordance with the provisions of the Floating Rate Note, notice is hereby given as follows:

Interest Period : September 13, 1990 to March 13, 1991 (181 days)

Rate of Interest : 6 1/2% per annum

Coupon Amount: US\$4,210.76 per denomination (US\$100,000.00)

Agent



LTCB Asia Limited

U.S. \$200,000,000



MARINE MIDLAND BANKS, INC.

Floating Rate Subordinated Notes Due 2000

Interest Rate 8.1875% per annum

Interest Period 14th September 1990 to 14th December 1990

Interest Amount per U.S. \$50,000 Note due 14th December 1990 U.S. \$1,034.81

Credit Suisse First Boston Limited Agent Bank

Notice to the Holders of Warrants to subscribe up to ¥19,230,000,000 for shares of common stock of

TOKYO ELECTRON LIMITED

Pursuant to Clause 4(A) of the Instrument dated 3rd November, 1988 (the "Instrument") relating to the above-captioned warrants (the "Warrants"), notice is hereby given as follows:

At the meeting of the Board of Directors of Tokyo Electron Limited (the "Company") held on 27th August, 1990, it was resolved that the Company issue new shares of its common stock ("Shares") to its Shareholders of record as of 30th September, 1990, by way of a free distribution of Shares at a rate of 0.2 Share for each one Share held. Consequently, the Subscription Price of the Warrants will be adjusted in the manner set forth below pursuant to Clause 3(b) of the Instrument.

Subscription Price before adjustment: ¥1,948.30

Subscription Price after adjustment: ¥1,623.90

Effective date of adjustment: 1st October, 1990, Tokyo time

TOKYO ELECTRON LIMITED By: THE SANWA BANK, LIMITED as Principal Paying Agent

Dated: 14th September, 1990



The "Shell" Transport and Trading Company, Public Limited Company

Interim dividend 1990

Notice is hereby given that a balance of the Register will be struck on Thursday, 11th October, 1990 for the preparation of warrants for an interim dividend for the year 1990 of 8.4p per 25p Ordinary share payable on 15th November, 1990.

For transferees to receive this dividend, their transfers must be lodged with the Company's Registrar - Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA, not later than 3pm on 11th October, 1990.

SHARE WARRANTS TO BEARER

The Coupon to be presented for the above dividend will be No. 184 which must be deposited for examination at Lloyds Bank Plc, Registrar's Department, Issue Section, 11 Bishopsgate, London EC2N 3LB, not later than 7th November, 1990, or may be surrendered through Messieurs Lazard Frères et Cie, 121 boulevard Haussmann 75008, Paris.

BY ORDER OF THE BOARD

J. A. Cuntiffe Company Secretary

Shell Centre, London SE1 7NA 13th September, 1990



THE KINGDOM OF DENMARK

Yen 10,000,000,000

Yield curve notes due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the period from 13 September 1990 to 13 March 1991 the rate of interest will be 0.5688% with a coupon amount of Yen 5,588 per Yen 1,000,000 note. The next interest payment date being 13 March 1991.

CHEMICAL BANK Agent Bank

Australia and New Zealand Banking Group Limited

U.S. \$200,000,000

Subordinated Floating Rate Notes due 1998

For the six months (13th September, 1990 to 13th March, 1991) the Notes will carry an interest rate of 8 1/4% per annum with an amount of interest U.S. \$4,336.46 per U.S. \$100,000 denomination, payable on 13th March, 1991.

Listed on the Luxembourg Stock Exchange.

Bankers Trust Company, London

Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

Amgold in rights issue to finance new mine projects

By Philip Gawth in Johannesburg

AMGOLD, the holding company for the gold interests of the Anglo American group, yesterday announced a R500m (\$192m) rights issue, part of the proceeds of which will go towards developing a new shaft at the Vaal Reefs mine.

The rights issue was unveiled at the same time as an announcement that the Minister for Mineral and Energy Affairs had granted mining leases over the Moab area - some 2,149 hectares beside Vaal Reefs.

The Moab area will be mined as an extension to the Vaal Reefs lease area. Interests in this area are held principally by Anglo American and its associates.

Amgold's directors say they will use the new capital "to take advantage of attractive investment opportunities under consideration".

These include the Moab project, estimated by analysts to have an after-tax cost of R1.3bn to R1.4bn; the South Deep project (linked to Johannesburg Consolidated Investment's Western Areas mine); and potential interests in the Potch Gap area and the Free State gold fields.

Part of the capital will also

be used to repay Amgold's short-term borrowings.

Mr Julian Ogilvie Thompson, chairman of Anglo American, said that, following the minister's decision, Anglo and its associates would proceed with the development of a new shaft. For technical reasons this will be in the Vaal Reefs South lease area and will exploit a portion of the South Area reserves.

During 1989, Vaal Reefs, the company's second largest mine and a favourite of overseas investors, yielded 75.4 tons of gold bullion. There are nine operational shaft systems and a tenth is being built.

Analysts agree that the Moab project might not be such good news for Amgold shareholders as for the beleaguered industry.

The project has a long lead time and will be expensive, geologically complex and risky. It will also provide replacement tonnage, for ageing ore bodies rather than increase overall tonnage.

The No 9 shaft has not been as successful as hoped, and analysts believe the Moab shaft may go the way of other new mines and not meet yield forecasts in the short term.

Anglovaal up strongly despite poor conditions

By Philip Gawth

ANGLOVAAL Industries (AVI), the Anglovaal group's industrial investment and management company, boosted turnover and earnings in the year to June in spite of adverse trading conditions, especially in the second half of the year.

Turnover increased by 43 per cent from R4.58bn to R6.49bn (\$2.5bn), while pre-tax profit was 22 per cent higher at R267.2m.

Earnings per share, however, were only 12 per cent up at 733 cents against 657 cents as a result of the share issue relating to the group's restructuring in June 1989.

The dividend was increased by 12 per cent from 120 cents per share to 135 cents per share.

AVI comprises five business sectors: construction and electronics; dry food and beverage; frozen food; packaging; and diversified businesses.

All sectors contributed to profits, with the only disappointment coming in the frozen food area, where Irvin & Johnson failed to sustain a long record of earnings growth. Turnover was 15 per cent up, but low chicken prices and depressed international seafood prices contributed to narrower margins.

The packaging and rubber company Consol achieved 48 per cent growth in earnings. Although the weak economy suppressed packaging sales volumes, this division reported a moderate increase in turnover and a satisfactory profit improvement.

During the year, Consol acquired Tycon (formerly The Goodyear Tire and Rubber Company), and this investment was combined with Treco, South Africa's largest retreader and retail distributor of tyres. Consol now holds an effective 61 per cent of the combined businesses.

Good progress was reported with the construction and electronics operations. Grinaker Construction achieved record earnings on the back of buoyant building activity, while the electronic interests, grouped under Grinaker, all performed well.

US purchase confirms ABB Robotics' world strategy

By Robert Taylor in Stockholm and Nikki Tall in New York

ASEA Brown Boveri Robotics' proposed acquisition of the robotic business of Cincinnati Milacron, the US machine tool maker and the last US maker of heavy robots, is the latest move in the Swedish-Swiss company's aggressive global strategy to remain the biggest robot manufacturer in the world.

Mr Stelio Demark, ABB Robotics business area manager, said yesterday that the acquisition, which was subject to US Government approval, was "a very important deal for us".

Cincinnati Milacron was one of the world's first robot manufacturers with a long history of robot-based automation, especially in spot-welding for the automotive industry. We feel they will complement our organisation in a perfect way."

ABB Robotics will continue with Cincinnati Milacron's existing robot business, which includes its servicing and sales activities.

Cincinnati Milacron, the biggest US machine tools maker, has been struggling to regain its place in the industry in the face of Japanese encroach-

ment. After almost a decade of erratic profits performance, the company brought in a new chief executive, Mr Daniel Meyer, in April, effectively ending the leadership of the founding Geier family at the company.

The company has been engaged in extensive restructuring - reorganising the machine tool operations, for example, into "focus factories" which engineer and produce one product line - and making efforts to become far more price-competitive.

Announcing the sale of the robotics arm, Mr Meyer described it as "another step in our overall reorganisation strategy." The plan, he said, was to concentrate the company's activities on the core businesses of products for metal-working and plastics processing.

The Swedish-based company, which is a small part of ABB, does not share the apparent scepticism among many US manufacturers about the widespread use of robots in production systems. On the contrary, Mr Demark believes ABB

Robotics has a promising future, especially in Asia.

Since May 1989 the company has sold and distributed its products through a co-operation agreement with Matsushita Electrical Industrial (MEI), the electronics giant. A similar arrangement has been made with the Samsung group in South Korea.

Mr Demark hopes to expand further in Taiwan and other Asian countries through co-operation deals with companies in those highly competitive markets. "Asia promises to be our most important area for sales expansion," he says.

ABB Robotics also hopes to extend its sales into eastern Europe, particularly Czechoslovakia and the Soviet Union. Its growth in western Europe, where it already holds some 30 per cent of the robotics market, is also expected to continue.

ABB Robotics is in the middle of a three-year, \$100m investment programme designed to improve capacity and technical resources in robot manufacture, with the aim of increasing its competitive strength in the European Community's internal market.

N.V. Koninklijke Nederlandsche Petroleum Maatschappij
(Royal Dutch Petroleum Company)
Established at The Hague, The Netherlands

Interim dividend 1990

The Supervisory Board and the Board of Management of Royal Dutch Petroleum Company have decided to pay an interim dividend in respect of the financial year 1990 of N.fl.3.35 on each of the ordinary shares with a par value of N.fl.5.

In the case of holders of bearer certificates with coupons this interim dividend will be payable against surrender of coupon No. 201 on or after 25th September, 1990, at the offices of:

Barclays Bank PLC,
Stock Exchange Services Department,
168 Fenchurch Street,
London EC3P 3HP
on business days between the hours of 9.30 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exchange current in London at 2 p.m. on 20th September, 1990, in the case of coupons presented on or before that date, or on the day of presentation in the case of coupons presented subsequently. Coupons must be accompanied by a presentation form, copies of which can be obtained from Barclays Bank PLC.

In the case of shares of which the dividend sheets were, at the close of business on 14th September, 1990, in custody of a Depositary admitted by Centrum voor Fondsenadministratie B.V., Amsterdam, this interim dividend will be paid to such Depositary on 25th September, 1990. Such payment will be made through the medium of Barclays Bank PLC, after receipt by them of a duly completed CF Dividend Claim Form.

Where under the double tax agreement between the United Kingdom and the Netherlands, 15 per cent Netherlands dividend tax has been withheld, the 15 per cent Netherlands tax is allowable for a resident of the United Kingdom as a credit against the United Kingdom income tax payable in respect of the dividend. The deduction of United Kingdom income tax at the reduced rate of 10 per cent instead of at the Basic Rate of 25 per cent represents a provisional allowance of credit at the rate of 15 per cent.

Where appropriate, the usual affidavit certifying non-residence in the United Kingdom will also be required if payment is to be made without deduction of United Kingdom income tax at the basic rate.

The Hague, 13th September, 1990.
THE BOARD OF MANAGEMENT

IG TELEPHONE: 071-828 7233 **AFRO MEMBER**
FTSE 100 WALL STREET
Sept. 2134/2144 -29 Sept. 2609/2621 -10
Dec. 2190/2200 -28 Dec. 2637/2649 -11
5pm Prices. Change from previous 9pm close
HOW WELL DID YOU JUDGE THE MARKET?

Safren sales rise 9% but difficult year expected

By Philip Gawth

SAFREN, the leisure and shipping group which is parent company to Safmarine, Rensies and Kersaf, lifted turnover and profit in the year to June, but growth was much slower than in the previous year.

Turnover rose 9 per cent to R4bn (\$1.5bn) from R3.6bn in 1989, and operating profit was 14.3 per cent higher at R730m. Safmarine generated the most profit, contributing R112.5m to total attributable earnings of R299.1m, but the 15.8 per cent growth was behind that of Kersaf and Rensies.

Kersaf, in which Safren has a 76 per cent stake, increased its contribution to profit by

21.8 per cent from R87.5m to R106.4m. Rensies, in which Safren has a 76 per cent interest, lifted its contribution by 31 per cent from R26.6m to R34.8m.

Mr Buddie Hawton, chief executive, expects conditions in the coming financial year to be difficult, with a recessionary economy and rising wage costs. Rensies' performance will be adversely affected by a stronger rand and a decline in imports.

Earnings per share, before extraordinary items, rose 16.5 per cent to 487 cents, while the dividend was 18.7 per cent higher at 210 cents per share.

Sew Hoy family blames trade policy for collapse

By Terry Hall in Wellington

THE DRASTIC restructuring of New Zealand's textile industry under the Government's open-door import policy is claimed to have led to an unexpected casualty: the business of the Sew Hoy family of Dunedin, a Chinese family counted among leading figures in the country's commerce.

Yesterday a meeting of the company's creditors was told that it was NZ\$10.6m (US\$6.6m) short of meeting its debts. Assets were put at NZ\$7.4m. Secured creditors were owed NZ\$3.5m and unsecured creditors a further NZ\$3.8m. The official assignee said prospects of recovery were not good.

The company said it had failed because of the changes in government policy. It had been difficult to lay off staff without incurring substantial redundancy payments, and the

company had over-estimated its sales targets at a time of low consumer confidence.

The final disaster was a harbour workers' strike which had delayed materials. When they arrived, the orders were cancelled because of late delivery.

The Sew Hoy family migrated to Otago in the 1861 gold rush and made its fortune supplying cloth and food to thousands of Chinese and European miners.

Earlier this year, the company was the second biggest employer in Dunedin, with a staff of 700.

Many clothing companies are collapsing. Critics claim that this is due to government policies that discourage exports and encourage imports from low-wage countries in Asia and the Pacific Rim.

Canada rejects union plan for De Havilland

THE Canadian Federal Government has turned down a plan by the Canadian Auto Workers (CAW) union to return effective control of De Havilland Canada to domestic hands, writes Robert Gibbons in Montreal.

Boeing, which bought the company from the Federal Government in 1986, wants to sell it to Aerospaciale de France and Aeritalia of Italy, builder of a competing line of commuter aircraft.

The CAW asked the Federal Government to become directly involved in a deal with the European consortium to ensure that control would remain in Canada and that De Havilland's workforce would be guaranteed jobs.

The union fears that the company will halt assembly of complete aircraft and become solely a parts supplier.



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Highlights of the annual accounts at 31st December 1989
(consolidated balance sheet)

CAPITAL, RESERVES & FUNDS	US \$	1,436,000,000
DEPOSITS	»	22,436,000,000
CASH & BANKS	»	9,238,000,000
INVESTMENTS	»	3,922,000,000
LOANS & DISCOUNTS	»	10,488,000,000
TOTAL ASSETS	»	81,698,000,000
NET INCOME	»	206,000,000
CASH FLOW	»	355,000,000

FULL BRANCH IN LUXEMBOURG.

WHOLLY OWNED SUBSIDIARY ABROAD:
BANCA NOVARA (SUISSE) S.A. - ZURICH, LUGANO
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中國江蘇省出口商品展銷會 China Jiangsu Trade Fair Ceremoniously Opened in London

China Jiangsu Provincial Commission of Foreign Economic Relations and Trade will lead its 12 import and export (group) corporations to hold the "China Jiangsu Export Commodities Trade Fair" in Barbican from September 24 to 29, 1990.

The commodities to be displayed include:

silk and silk products / wool and cotton knitted / home-textiles / garments / light industrial products / arts and crafts / ceramics / native produce / animal by-products / metals and minerals products / chemicals / medicines and health products / machinery, and other export commodities.

Businessmen from Britain and other European countries are warmly welcome to visit the Fair to have business discussion with us.

Poland

The timing is perfect

Privatisation laws have been adopted.
Currency is convertible.
New banking procedures are in place.

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Tadeusz Syryjczyk - Minister of Industry
Krzysztof Lis - Minister for Privatisation
Wladyslaw Baka - Chairman, Nat'l Bank Poland
Henryk Chmielek - Deputy Minister, Planning
Andrzej Zawislak - Senior Economist, MP
Gabriel Wujek - Althamer & Gray, Warsaw
Leszek Zienkiewicz - Gov't Economic Council
Jan Bielecki - Polish-American Enterprise Fund
Jerzy Dietl - Polish-American Enterprise Fund
Malgorzata Niezabitowska - Gov't spokesperson
Leon Irish - Jones Day Reavis & Pogue Wash, D.C.
Louis Goldman - Althamer & Gray, Chicago
Karen Bartlett - Price Waterhouse, Warsaw
Dariusz Nowak - Res. Director, Moore Stephens
Barbara Kuz - Asea, Brown Boveri Ltd.
Matthew Olex - Lloyds Bank
Adam Glapinski - Economist, Alliance Centrum

October 29-30, Warsaw Marriott
Call USA 703-527-0039
In USA call toll-free 800-852-7108
In Europe Phone 49-30-31-0341

HERTFORDSHIRE

The Financial Times proposes to publish this survey on:

28th November 1990

For a full editorial synopsis and advertisement details, please contact either

Clive South
on 071 873 4152
or Sue Mathieson
on 071 873 4129

or write to:

Number One
Southwark Bridge
London
SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

PHARMACEUTICALS

The Financial Times proposes to publish this survey on:

29th October 1990

For a full editorial synopsis and advertisement details, please contact:

BILL CASTLE
on 071-873 3760

or write to him at:

Number One
Southwark Bridge
London
SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Bankers Trust New York Corporation U.S. \$300,000,000

Floating Rate Subordinated Notes due 2000

For the three months 13th September, 1990 to 13th December, 1990 the Notes will carry an interest rate of 8 1/4% per annum and interest payable on the relevant interest payment date 13th December, 1990 will be U.S. \$206.96 per U.S. \$10,000 Note and U.S. \$5,174.05 per U.S. \$250,000 Note.

Bankers Trust
Company, London

Agent Bank

The Bear Stearns Companies Inc (A corporation organized under the laws of the State of Delaware, USA)

U.S. \$200,000,000

Floating Rate Notes due 1994

For the three month period 13th September, 1990 to 13th December, 1990 the Notes will carry an interest rate of 8 1/4% per annum with an interest amount of U.S. \$210.12 per U.S. \$10,000 Note payable on 13th December, 1990.

Bankers Trust
Company, London

Agent Bank

Red Nacional De Los Ferrocarriles Espanoles

ECU 100,000,000
Guaranteed Floating Rate Notes due 2004

Guaranteed by The Kingdom of Spain

NOTICE IS HEREBY GIVEN that pursuant to Condition 19(d) of the Notes, the Company has elected to redeem on October 24, 1990 the "Notes" of a redemption price equal to the principal amount thereof plus interest on the Notes due on and after the Redemption Date, interest on the Notes will cease to accrue.

The Notes should be presented and surrendered to the paying agent as shown on the Notes on the Redemption Date with all interest coupons attached to the Notes.

Coupons due October 24, 1990 should be detached and presented for payment in the usual manner.

September 14, 1990
By Citibank, N.A. (CSS Dept) London Principal Paying Agent

CITIBANK

U.S. \$100,000,000 Guaranteed Floating Rate Notes due 1994

Citicorp Overseas Finance Corporation N.V.
(Incorporated with limited liability in the Netherlands Antilles)

Unconditionally guaranteed by CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 8.375% and that the interest payable on the relevant interest payment date, December 14, 1990, against Coupon No. 47 in respect of U.S. \$1,000 nominal of the Notes will be US\$21.17.

September 14, 1990, London
By Citibank, N.A. (CSS Dept), Agent Bank

CITIBANK

INTERNATIONAL COMPANIES AND FINANCE

Commercial TV gets in the picture

Robert Taylor looks at the launch of Sweden's new satellite channel

Tomorrow evening just before 7.00 pm, TV4 Nordisk, Sweden's first homegrown satellite commercial television channel, goes on the air.

This will be followed on Sunday by a long-overdue decision from the ruling Social Democrats at their triennial congress to accept the introduction of advertising into the country's existing terrestrial network.

The launch of TV4 is the latest breach in Sweden's crumbling resistance to commercial television, which has been accelerated over the past two years by the breakthrough of cable and satellite broadcasting in the Nordic region.

To many Swedes the protracted resistance to the arrival of commercial television was a reflection of the determination of the Social Democrats to resist a change which they felt was a threat to public service broadcasting and Swedish cultural values.

"It has always been a political question," admits Mr. Gunnar Bergvall, one of the co-founders of TV4. "Opposition to commercialism in television enjoyed a symbolic value in Sweden."

The ownership structure of his company shows how far attitudes have changed across Swedish society.

A third of the company is owned by the powerful Wallenberg family investment companies, Providentia and Investor, which have guaranteed to underwrite the enterprise.

"This amounts almost to a good housekeeping stamp of approval," says Mr. Bergvall.

It took some intensive promotion by Mr. Bergvall and his broadcasting colleague Mr. Ingemar Leijonborg, with their original idea of TV4, to find the necessary business backing, but the enthusiasm of Mr. Per Lundberg, chief executive of Providentia, was crucial to the launch of the company, particularly when the Swedish investment company Providentia dropped its initial interest in the idea.

The Wallenberg interest has been joined in the venture by LRF, the influential agricultural co-operative pressure group, and SFR, the white-collar workers' pension fund, which each own a quarter.

The remaining 17 per cent stake in TV4 belongs to Natur and Kultur, the publishers. Their total investment in TV4

is between SKr500m and SKr800m (US\$138m).

The Swedish Government may not yet have swallowed the prospect of commercial television, but it has given the go-ahead for TV4 to be transmitted via the wholly Swedish state-owned Tele X satellite. It will also be beamed to

ers and 30 per cent of the total market share.

TV4 is modelled on the Channel 4 structure in Britain. Mr. Bergvall and Mr. Leijonborg have spent some time in London examining how Channel 4 works.

Their slimline enterprise will be responsible for broadcasting

TV4 arrives in a busy competitive marketplace. Thanks to the cable and satellite revolution of the past three years, many Swedish households have access to as many as 25 channels with more than 200 viewing hours available every day and night. However, most of them are not broadcasting in the Nordic languages. The company hopes to capture 15 per cent of primetime viewers and 30 per cent of the total market share

Norwegian audiences through the Intelsat VLF2 satellite.

"At least the Swedish Government does not seem to have anything against us," says Mr. Bergvall. Initially the new channel will be able to reach 1.4m Swedish households, about 40 per cent of the total in Sweden. It will broadcast about 30 hours a week until Christmas, when it will increase to 40 hours. Commercially it will be broadcast for six minutes in every hour, between programmes. Any further growth in transmission time must rest with how successful the company is in raising advertising revenue.

With the Swedish economy in a gloomy condition this may pose difficulties, but Mr. Bergvall points out that estimates suggest there will be a potential advertising market for television in Sweden of from SKr3.5bn to SKr4bn within five years.

Some observers reckon TV4 could pose a threat to the two channels of the publicly-owned and non-commercial Swedish Television. More realistically, the company hopes to capture 15 per cent of primetime view-

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Coles Myer earnings fall for first time in 40 years

By Bruce Jacques in Sydney

COLES MYER, Australia's biggest retailing group, has mirrored the country's economic malaise by recording its first annual fall in earnings in 40 years.

The company's net earnings dipped 7 per cent to A\$365.1m (US\$399m) from A\$392.4m, revealing a marked deterioration in margins on sales which grew 5 per cent to A\$14.7bn from A\$14.0bn.

Profit per sales dollar was down from 4.23 cents to 3.66 cents, but the company's chairman and chief executive, Mr. Brian Quinn, said that trading profits had shown an improving trend in the second half.

"We believe that the deteriorating profit trend has been controlled," he said.

Although substantial sales increases will be difficult to achieve in the short term, action is being taken to improve profit levels.

The company is continuing to invest substantial sums in new store construction, refurbishment of older units and installation of new technology.

Mr. Quinn said strong competition in most markets had badly affected the company, but that New Zealand operations had performed better than those in Australia.

The Directors believe that there is scope for considerable expansion in New Zealand in the future," he said.

Mr. Quinn said the company remained in a strong financial position and was raising annual dividend from 35.5 cents to 37 cents a share despite the downturn.

The result excluded an extraordinary loss of A\$30.4m - compared with A\$86.8m previously - mainly from the merger of department store operations with the Grace Bros subsidiary.

But the result included profits of A\$21.1m, against A\$25.5m, on asset sales.

The company's net interest bill grew to A\$182.5m from A\$151m and the result was after tax of A\$190.5m compared with A\$217.8m.

Depreciation took A\$21.1m against A\$192.2m.

Change of focus brings Mair Astley back to profit

By Terry Hall in Wellington

MANAGEMENT changes and a return to concentrating on wool, leather and venison helped Mair Astley, New Zealand's biggest exporter of primary products, achieve a NZ\$12m (US\$4m) turnaround to profits in the year to June 30.

The company yesterday reported after-tax profits of NZ\$5.38m, compared with a loss last year of NZ\$7m, on lower revenues of NZ\$590m against \$651m.

Extraordinary items were NZ\$321,000, compared with last year's NZ\$10.6m while tax was NZ\$2.5m against NZ\$2.2m.

Sir Colin Wright, chairman, said profitability should at least continue to be maintained. The company's strategy was to return to its strengths in agricultural, commodity trading and processing. This switch, under Mr. Barney Sand-

strum, the new chief executive, had improved the generation of cash flow and balance sheet ratios during the year.

The company's leather operations earned pre-tax profits of NZ\$7.7m, including NZ\$1m from surplus property sales. Earnings from venison and fish were NZ\$3.5m, while the wool subsidiary earned NZ\$1m, despite a depressed wool market.

However, Maircom, its Australian wool subsidiary, posted a NZ\$1.7m loss due to decreasing Australian wool prices and the former management method. The Christchurch Carpet Yarn subsidiary lost NZ\$1.2m.

The company suffered severely from exchange rate fluctuations in previous years. It is to pay a final dividend of 2.5 cents per share, making 5 cents for the year.

To the Holders of Warrants to subscribe for shares of common stock of

GODO STEEL, LTD.
(the "Company")

Issued in conjunction with issues by the Company of U.S. \$70,000,000 4 1/8 % Guaranteed Notes 1993 (the "First Notes") and U.S. \$150,000,000 2 1/4 % Guaranteed Notes 1994 (the "Second Notes")

ADJUSTMENT TO SUBSCRIPTION PRICE

Pursuant to Clause 3, paragraphs (1) and (2) of the instruments dated 18th May, 1988 and 15th February, 1990, respectively, relating to the Warrants to subscribe for shares of common stock of the Company (the "Warrants"), notice is hereby given as follows:

(1) First fact requiring adjustment:
The Board of Directors of the Company resolved at the meeting held on 30th August, 1990, to make a free distribution of shares to the shareholders on record as of 30th September, 1990 (which day falls on a Sunday and, as Sunday and Saturday are not business days in Japan, as of 28th September, 1990 (Friday)) - as a matter of fact the same shall apply heretofore) at a rate five (5) per cent of shares then held by each of such shareholders.

(2) Second fact requiring adjustment:
At the same Board meeting, it was also resolved to issue right to the holders of the shares entitling them to subscribe for shares at a consideration per share of Yen 830 (which is less than the current market price on 30th September, 1990 (which is Yen 990.00)) at a rate of fifteen (15) per cent of shares then held by each of such shareholders.

As a consequence, the subscription prices will be amended as follows:
(1) The First Warrants
Subscription Price before adjustment: Yen 787.50
Subscription Price after adjustment: Yen 698.30
(2) The Second Warrants
Subscription Price before adjustment: Yen 1,589.00
Subscription Price after adjustment: Yen 1,409.00

The adjusted subscription prices shall become effective as from 1st October, 1990.

Da-ichi Kangyo Bank (Luxembourg) S.A.
Principal Paying Agent

14th September, 1990

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 01/00251/06

NOTICE TO MEMBERS

The sixty-seventh annual general meeting of members of The Randfontein Estates Gold Mining Company, Witwatersrand, Limited will be held in the Board Room, 121 Concession Building, Fox and Harrison Streets, Johannesburg, on Friday, 5 October 1990 at 09h30:

1. to adopt the financial statements for the year ended 30 June 1990;

2. to elect directors.

Any member of the Company is entitled to appoint a proxy to attend, speak and to vote in his stead. A proxy need not be a member of the Company.

Holdings of shares must be shown to those who want to attend in person or by proxy and vote at the meeting must comply with the regulations of the company relating to share warrants. Copies of the regulations are available at the head office of the company or at the office of the London Secretaries.

The share transfer books and the register of members will be closed from 29 September to 5 October 1990, both dates inclusive.

By order of the board
Johnstone & Co. Investment Company, Limited, Secretaries

per D.W. Shorrock
10 September 1990

Head Office and registered office:
Concession Building
Fox and Harrison Streets
Johannesburg 2001

London Secretaries:
Banque Paribas Limited
99 Bishopsgate
London EC2M 3XE

Postal address:
P.O. Box 590
Johannesburg 2008

Copies of the annual report are available from the London Secretaries

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

KD 10,000,000 - 8 % Guaranteed Bonds due 1994

In accordance with clause 5 (A) of the terms and conditions of the Bonds, the Holders of the said Bonds are informed that the Bonds bearing the following numbers have been called for redemption at par on September 15th, 1990.

700 BONDS OF DENOMINATION OF KD 1,000 EACH

6531	to 6535	6981	to 6995	7341	to 7345
6541	to 6590	7001	to 7010	7351	to 7360
6556	to 6565	7016	to 7020	7376	to 7380
6576	to 6580	7026	to 7030	7386	to 7390
6596	to 6595	7036	to 7040	7411	to 7415
6601	to 6610	7046	to 7050	7421	to 7430
6616	to 6630	7066	to 7075	7461	to 7470
6636	to 6640	7081	to 7095	7486	to 7500
6646	to 6650	7091	to 7105	7531	to 7535
6661	to 6665	7106	to 7115	7546	to 7550
6671	to 6675	7116	to 7130	7556	to 7560
6681	to 6710	7136	to 7175	7566	to 7585
6696	to 6725	7171	to 7195	7591	to 7595
6701	to 6710	7181	to 7220	7606	to 7615
6806	to 6820	7205	to 7230	7621	to 7625
6826	to 6850	7226	to 7245	7631	to 7635
6861	to 6865	7236	to 7245	7641	to 7655
6881	to 6905	7256	to 7265	7661	to 7665
6911	to 6915	7275	to 7280	7671	to 7685
6921	to 6925	7286	to 7290	7681	to 7695

INTERNATIONAL CAPITAL MARKETS

Other secondary market paper. Other dealers compared the new deal's yield with five-year Austria-guaranteed Oesterreichische Kontrollbank bonds at 10.43 per cent. The deal had not broken syndicate by the end of the day.

The sovereign borrower, the Kingdom of Belgium, brought a DM300m five-year offering via WestLB. The 9 per cent bonds attracted steady demand and the deal was bid well within 2 point fees at less than 10 points.

Tokai Bank and Hokkaido Takushoku Bank became the latest Japanese banks to raise subordinated debt, totalling \$500m, to shore up their capital.

■ Euroclear participants will be able to settle Spanish equities trades against payment from today. The new service, known as Euroclear Spain, is intended to ease international trading of Spanish shares.

Boston, which also suffered because Finland's Triple-A credit rating is under review by Moody's.

In addition, the pricing of the issue was felt to be on the aggressive side. The Finland bonds, yielding 10.35 per cent at the fixed re-offered level, do offer a yield pick-up over Spain's and the European Community's five-year bonds, but these issues are currently trading tightly, compared with

Borrower	Amount in.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Tokai Bk.(H.Kong)(a)(i)	100	(a)	100	2000	30/12bp	GS&F
Hokaido Tokaihuon Bk(7)(f)	200	(f)	100	2000	32/20bp	Yamachi Int.(Eur.)
Nippon Ck Co.(a)(h)	100	(h)	100	1998	2 3/4 1/2	Nikko Secs.(Eur.)
NEC Corp(b)(i)	350	4 3/4	100	1994	2 3/4 1/2	Daiwa Europe
IZumi Ck.(7)(f)	100	5	100	1994	2 3/4 1/2	Daiwa Europe
CANADIAN DOLLARS						
Shell Canada(a)(e)	180	11 3/4	101.82	1988	1 1/4 1/4	Wood Gundy Inc.
Credit Local de France(a)(d)	100	11 3/4	101 3/4	1993	1 1/4 1/4	Bankers Trust Int.
D-MARKS						
Kingdom of Belgium(a)(d)	300	9	101 3/4	1986	2 1/4	WestLB
SWISS FRANCES						
Chiesan Tokan Ck.(d)(w)(k)	80	4 1/4	100	1994	-	Credit Suisse
ECUs						
Republic of Finland(a)(d)	280	10 1/4	101 1/4	1986	1 3/4 1/4	GS&F
FRS						
Nissan Ck of America(a)(d)	100n	8 1/4	101 1/4	1983	1 1/4	Daiwa Europe

(a)=Private placement. (b)Convertible. (c)Floating rate note. (d)With equity warrants. (e)Final terms. (f)Non-callable. (g)Coupon was indicated at 5 1/4%. Conversion premium fixed at 2.5%. (h)Coupon was indicated at 5 1/4%. Conversion premium fixed at 2.5%. (i)Non-callable. (j)Put option 31/12/92 100% to yield 4.022%. (k)Subordinated FRN issue, on fiduciary basis by BGL. (l)Subordinated FRN issue with 30bp for first 5 years, then Libor 40bp thereafter. (m)Call date: Sept 1986 at par. (n)Subordinated FRN issue, it is in the form of Subordinated Loan Participation Certs. via Yamachi Int.(Deutschland). (o)Coupon pays 3-month Libor plus 30bp for first 3 years, then 3-month Libor plus 40p thereafter. Callable after 6 years at par once

The delegation to Japan will comprise the ISE chairman and chief executive, and the managing directors of its three operating divisions. The venture is being paid for by the London operations of 18 top securities companies, including Japanese, US and UK houses.

Simon London finds increasingly sluggish growth forcing up government issuance

and could issue bonds to make up for smaller tax revenues. Helped by brisk tax revenues, Japan was able to finance national expenditure without issuing new bonds for the year ended March 31 1990 for the first time in five years.

Added to an anticipated slowing of the major economies is the one-off cost of German reunification. The process of upgrading East Germany's infrastructure may reach DM600bn (\$379m) over the next decade, funded by quasi-government bodies. In addition to regular bond issuance, the German Government has already raised about DM8.5bn this year through its 'off balance sheet' Unity Fund. East German institutions such as the Staatsbank have been equally active. The West German Government has also committed to pay DM12bn to the Soviet Union for with-

Salomon Brothers expects the German Government to have raised a total of DM100bn by the end of this year, rising to DM130bn in 1991.

Public sector finances elsewhere in Europe are expected to deteriorate for a variety of reasons. For example, the expected widening in UK public sector finances in 1990 and 1991 will be reinforced by the initial costs of the community charge. This has raised the prospect of fresh gilt issuance next year. Even the most conservative estimates suggest a net new funding requirement of £2bn to £4bn in 1991.

Attempts by the Italian Government to curb the huge budget deficit have so far met with failure, suggesting that bond issuance will continue to be required. The government's target of 10.4 per cent of gross domestic product in 1990 was surpassed

The 1991 French government budget plan unveiled last Wednesday suggests that the authorities were adhering to deficit reduction targets in the face of higher oil prices. The aim is to cut the overall budget deficit to FF80bn (1.2 per cent of GDP) in 1991, against FF90bn this year. However, the volatility in French government OATs demands less than a half degree of consciousness over the impact of higher oil prices on economic growth.

Moreover, by the mid-1990s, analysts are predicting a heavy social security burden on public sector finances as an unfavourable nations as an unfavourable nation's ageing population comes into play. Government OATs may also accelerate as the authorities strive to finance the public sector deficit with longer-term securities.

tion of regulatory standards. Mr Redwood said yesterday that harmonisation would be difficult to achieve in the short term, but that moves could be made in that direction.

Discussion will also cover stock market volatility; the sharing of information between regulators; capital adequacy for securities companies; and the effectiveness of national systems for clearing and settling securities transactions.

The effectiveness of the main international body of securities regulators, the International Organisation of Securities Commissions, will also come under review.

Iosco has been conducting a review into its operations this year, and is the agency thought most likely to fill the vacuum between national securities regulators.

The IOSCO memorandum of understanding under which information is shared between regulators in the two countries will be discussed next week, implying a need for a freer flow of information between the two sides.

THE sharp jump in the yield being paid by Chase Manhattan on \$200m of subordinated auction-rate notes illustrates the dangers of the auction structure, particularly when the instruments are being used as capital, bank analysts said yesterday.

Earlier this week, poor demand for the notes forced Chase to reset the yield on the notes from 9.66 per cent to 13.07 per cent. The rate on the notes is reset every three years by Dutch auction among investors.

Worries about the health of US banks appeared to be the main reason for the sharp jump in the rate - but Chase also blamed the more than \$3bn in subordinated paper issued by Japanese banks over the last week and the unfavorable shape of the yield curve.

Chase was one of only two US banks to issue subordinated auction rate paper, however, according to Mr Jay Weintraub, a bank analyst with Salomon Brothers in New York.

Bank of America, with \$100m

Such capital - which increased in cost when the bank was under pressure - "didn't make a whole lot of sense", said Mr Weintraub.

Many other companies, both from the US and the UK, have issued similar paper, which is accounted for as equity, however. It could suffer similar problems if there were questions marks about a company's financial health, analysts said.

THE state bank of India proposes to launch a US dollar-denominated bond issue to tap the savings of expatriate Indians, who have been affected by the Gulf crisis and the collapse of the Kuwaiti dinar.

Expatriate Indians are eligible to buy the seven-year bonds, but the focus is on former Middle East residents. About 500,000 returning to India will be able to keep their savings in foreign currency

and postpone the compulsory conversion to the rupee, which continues to depreciate by an annual 10 per cent against world main currencies.

India imposes tight exchange controls and returning expatriates will, under Indian laws, have to convert their foreign currency holdings within 90 days of their return.

The coupon rate will be one percentage point more than the interest Indian banks pay on

three-year US dollar deposits, at the November launch date. The Reserve Bank of India, the central bank of the country, fixes the dollar interest rate which is 10 per cent on three-year deposit, based on US interest rates and the London interbank rate.

Mr S.G. Paranda, executive director of SBI Capital Markets, said that nearly \$150m bonds were expected to be sold against \$92m in 1988.

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EQUITY GROUPS												Thursday September 13 1990		Wed Sep 10	Thurs Sep 11	Fri Sep 12	Year ago (approx)
SUB-SECTIONS																	
Figures in parentheses show number of stocks per share												Index No.	Index No.	Index No.	Index No.	Index No.	Index No.
		Index No.	Day's Change %	Ex. Earnings Yield % (M.C.)	Gross Div. Yield % (25%)	Est. P/E Ratio (Ind.)	Adj. '90 to date	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.				
1	CAPITAL GOODS (195)	724.28	-1.3	15.63	6.44	7.83	23.73	733.77	739.86	741.67	741.67	741.67	741.67				
2	Building Materials (26)	893.33	-2.7	17.02	6.77	7.24	33.68	917.74	915.82	916.19	916.19	916.19	916.19				
3	Contracting, Construction (36)	1100.44	-2.7	20.81	7.45	6.24	63.66	1131.28	1126.76	1131.28	1131.28	1131.28	1131.28				
4	Electricals (10)	2043.94	-1.2	14.41	6.58	8.46	64.89	2068.20	2068.64	2068.64	2068.64	2068.64	2068.64				
5	Electronics (27)	1364.64	-1.2	14.64	12.29	8.77	159.63	1376.83	1376.83	1376.83	1376.83	1376.83	1376.83				
6	Engineering-Aerospace (3)	430.85	-4.2	15.51	5.52	7.76	10.79	446.02	439.22	439.22	439.22	439.22	439.22				
7	Engineering-General (46)	410.87	-0.53	14.53	6.32	8.29	14.87	412.73	411.31	409.90	409.90	409.90	409.90				
8	Metals and Metal Forming (6)	415.25	-0.9	27.80	8.10	4.37	17.02	418.95	418.89	421.58	421.58	421.58	421.58				
9	Others (13)	302.50	-1.0	17.89	7.87	8.31	15.31	303.63	303.63	302.66	302.66	302.66	302.66				
10	Other Industrial (2)	122.52	-0.6	14.10	8.15	4.01	49.22	123.75	123.75	123.75	123.75	123.75	123.75				
11	CONSUMER GROUP (78)	1182.32	-0.4	10.41	4.31	11.86	26.11	1188.95	1186.74	1186.74	1186.74	1186.74	1186.74				
12	Brewers and Distillers (22)	1467.40	-0.9	11.88	3.97	11.56	30.61	1486.66	1477.70	1474.75	1530.09	1530.09	1530.09				
13	Food Manufacturing (20)	1009.94	-0.4	11.49	4.79	10.74	24.47	1013.95	1012.06	1008.95	1191.88	1191.88	1191.88				
14	Food Retailing (1)	302.50	-0.4	11.49	4.79	10.74	24.47	303.95	302.66	302.66	302.66	302.66	302.66				
15	Health and Household (16)	2346.47	-1.1	7.53	3.00	15.81	29.07	2371.72	2383.00	2383.00	2468.72	2468.72	2468.72				
16	Leisure (32)	1188.05	-1.1	12.59	5.26	9.61	36.39	1200.99	1205.83	1211.99	1817.13	1817.13	1817.13				
17	Packaging & Paper (12)	504.66	-0.2	12.76	6.89	9.63	20.57	505.54	504.78	505.91	615.30	615.30	615.30				
18	Publishing & Printing (16)	3092.70	-0.2	11.60	10.67	11.68	30.86	3076.35	3072.65	3068.90	3771.50	3771.50	3771.50				
19	Stores (3)	1011.96	-0.3	12.73	7.73	11.05	19.76	1021.32	1024.02	1024.02	1024.02	1024.02	1024.02				
20	Textiles (11)	411.56	-0.3	14.00	7.86	8.51	30.13	409.78	404.96	404.96	582.23	582.23	582.23				
21	OTHER GROUPS (167)	1016.97	-0.4	12.47	5.86	9.70	30.13	1019.70	1024.02	1024.02	1199.42	1199.42	1199.42				
22	Agencies (16)	1219.76	-0.2	8.12	3.21	14.53	20.34	1205.46	1230.23	1242.82	1581.86	1581.86	1581.86				
23	Chemicals (12)	1024.63	-0.1	12.59	7.53		24.94	1024.63	1024.63	1024.63	1024.63	1024.63	1024.63				
24	Commodities (13)	1347.73	-0.3	12.50	7.00	9.62	34.46	1354.36	1380.58	1380.58	1772.71	1772.71	1772.71				
25	Transport (13)	1912.78	-0.7	12.63	5.51	10.03	50.29	1925.44	1916.46	1917.07	2418.12	2418.12	2418.12				
26	Telephones Networks(2)	1162.65	-0.1	11.48	4.83	11.33	26.99	1142.24	1153.78	1143.03	1194.82	1194.82	1194.82				
27	Medical (2)	1024.63	-0.1	12.59	7.53		24.94	1024.63	1024.63	1024.63	1024.63	1024.63	1024.63				
28	Wholesale (27)	1533.39	-0.2	13.71	5.91	8.37	62.18	1535.84	1546.22	1553.00	1927.07	1927.07	1927.07				
29	INDUSTRIAL GROUP (480)	1022.32	-0.6	12.33	5.27	10.01	28.08	1028.05	1031.55	1032.93	1244.11	1244.11	1244.11				
30	Oil & Gas (20)	2489.16	-0.6	10.02	4.97	13.05	72.16	2493.49	2485.05	2485.05	2780.42	2780.42	2780.42				
31	SOI SHARE INDEX (500)	1141.50	-0.6	10.07	5.22	10.41	31.65	1148.67	1149.80	1157.27	1331.63	1331.63	1331.63				
32	FINANCIAL GROUP (107)	697.50	-0.9		6.89		29.35	693.90	691.39	691.39	818.87	818.87	818.87				
33	Banks (9)	731.08	-0.9	22.34	7.85	11.06	11.40	738.43	740.10	750.36	830.53	830.53	830.53				
34	Insurance (Live) (7)	1525.76	-0.8		5.70		37.79	1536.91	1513.22	1524.81	1826.40	1826.40	1826.40				
35	Insurance (Invested) (6)	358.41	-0.9		5.70		37.79	358.41	358.41	358.41	358.41	358.41	358.41				
36	Insurance (Brokers) (8)	822.29	-2.3	10.39	7.81	12.68	69.82	832.67	839.39	837.49	982.57	982.57	982.57				
37	Merchant Banks (7)	362.25	-2.2		5.61		11.93	370.36	371.46	373.46	404.34	404.34	404.34				
38	Property (47)	916.00	-0.4	8.39	5.35	15.84	23.74	919.92	918.08	918.08	1353.54	1353.54	1353.54				
39	Other Financial (23)	232.50	-0.2	10.72	12.24		16.82	232.50	232.50	232.50	271.20	271.20	271.20				
40	Investment Trusts (6)	1061.16	-0.9		3.78		27.74	1064.74	1068.00	1079.24	1279.24	1279.24	1279.24				
41	Overseas Traders (5)	1278.86	-0.2	10.00	7.15	10.06	59.65	1281.10	1281.91	1281.91	1483.40	1483.40	1483.40				
42	ALL-SHARE INDEX (678)	1032.47	-0.7		5.42		30.76	1039.28	1039.42	1040.59	1207.32	1207.32	1207.32				
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	Rises	Falls	Same
British Funds	32	30	45
Corporations, Dominion and Foreign Bonds	7	0	15
Industrials	78	426	960
Financial and Properties	10	172	489
Gilt	0	28	8
Plantations	0	2	0
Mines	35	23	101
Others	42	49	152
Totals	382	725	1816

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TRADITIONAL OPTIONS		
● First Dealings	Aug. 28	<i>London Share Service</i>
● Last Dealings	Sept. 14	<i>Callis in Great Walker, Int'l. Busi-</i>
● Last Declarations	Dec. 6	<i>ness Comm'n., Park Food, Polly</i>
● For settlement	Dec. 17	<i>Peck, Sunnleigh and Viatic. Put in</i>

For rate indications see end of

John Foster. Put and call in Tus-

kar Res.

DISAPPOINTING figures from Rolfs-Royce dominated sentiment in the derivative markets although business in futures once again led the underlying equity market. The September FT-SE 100 futures profit figures that came in below analysts' expectations, Rolfs-Royce was the top equities performer in the London Traded Options Market.

Rolls-Royce's profit of 1,627 calls and 2,153 puts suggests institutions were taking varied stances.

County NatWest said dealers were buying calls in the hope of a break in the bearish trend.

James Capel made a significant trade in Marks and Spencer by selling 1,100 October 220 straddles at 14 $\frac{1}{2}$. The deal will make money if the shares are above 205 $\frac{1}{2}$ or below 234 $\frac{1}{2}$ at the October expiry.

The trade pushed Marks and Spencer into second place with a turnover of 2,704 contracts. It took a bearish attitude buying 1,000 of the May 200 puts and 1,000 of the May 200 calls.

Contracts exchanged — 1,000 calls and 3,103 puts.

Business in the Life was slow. It began well with the September FT-SE future opening at 2,618 and the FTSE 100 at 2,618.50 but drifted off following bearish press comment on the outlook of the economy.

It talled off further after an announcement from chairman of the Federal Reserve Board, Mr Alan Greenspan, that the banking system would be under pressure for some time.

The September futures closed at 2,618.50 and the FTSE 100 at 2,618.50.

position to cut losses by selling options already in their portfolio or protecting themselves with hedging puts. Much of the buy-										The other healthy business was with the European FT-SE option and Trusthouse Forte. The FT-SE option saw 4,108 calls, 1,074 puts.										a 4-point premium to Fair value — on a turnover of 8,850. The December future closed at 2,165 on a turnover of 448.																			
SALES										PUTS										SALES										PUTS									
Alcan Alcan Ltd AS75 AS75 PL14 PL14										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
420	63	75	93	24	6	11				300	25	38	44	5	12	16				300	25	38	44	5	12	16				300	25	38	44	5	12	16			
440	28	47	65	33	16	21				330	7	10	25	40	24	30				330	7	10	25	40	24	30				330	7	10	25	40	24	30			
450	1	1	1	1	1	1				360	1	1	1	1	1	1				360	1	1	1	1	1	1				360	1	1	1	1	1	1			
475	10	17	22	2						400	46	66	66	17	17	22				400	46	66	66	17	17	22				400	46	66	66	17	17	22			
480	1	1	1	1	1	1				450	17	40	37	27	37	43				450	17	40	37	27	37	43				450	17	40	37	27	37	43			
510	110	13	20	34	1					500	41	50	30	3	10	15				500	41	50	30	3	10	15				500	41	50	30	3	10	15			
520	120	34	14	10	15	7				550	14	14	30	20	35	35				550	14	14	30	20	35	35				550	14	14	30	20	35	35			
Brit. Airways (PL13)										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
140	90	18	20	33	2	13	13			300	7	10	25	40	24	30				300	7	10	25	40	24	30				300	7	10	25	40	24	30			
160	34	1	1	1	1	1				330	1	1	1	1	1	1				330	1	1	1	1	1	1				330	1	1	1	1	1	1			
180	7	7	12	15	4					360	1	1	1	1	1	1				360	1	1	1	1	1	1				360	1	1	1	1	1	1			
Smith Barney Options A Basis PL14 PL14										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
300	50	78	19	5	14	16				300	75	70	105	60	12	18				300	75	70	105	60	12	18				300	75	70	105	60	12	18			
350	34	47	65	18	3	61				330	7	10	25	40	24	30				330	7	10	25	40	24	30				330	7	10	25	40	24	30			
360	3	3	3	3	3	3				360	4	4	4	4	4	4				360	4	4	4	4	4	4				360	4	4	4	4	4	4			
380	13	24	33	8	7	16				400	11	21	36	6	12	18				400	11	21	36	6	12	18				400	11	21	36	6	12	18			
390	5	14	23	19	24	26				450	7	10	25	40	24	30				450	7	10	25	40	24	30				450	7	10	25	40	24	30			
B.P. (PL16)										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
330	44	54	64	24	6	9				500	70	90	110	8	12	17				500	70	90	110	8	12	17				500	70	90	110	8	12	17			
340	7	18	28	20	11	23				550	14	14	30	20	35	35				550	14	14	30	20	35	35				550	14	14	30	20	35	35			
350	7	18	28	20	11	23				600	20	20	40	30	45	45				600	20	20	40	30	45	45				600	20	20	40	30	45	45			
British Steel (PL12)										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
130	6	10	14	3	0	7				300	16	3	20	24	34	34				300	16	3	20	24	34	34				300	16	3	20	24	34	34			
140	2	2	2	2	2	2				330	6	13	22	45	47	50				330	6	13	22	45	47	50				330	6	13	22	45	47	50			
150	2	2	2	2	2	2				360	2	10	14	14	15	15				360	2	10	14	14	15	15				360	2	10	14	14	15	15			
Eno (PL10)										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
950	67	95	12	13	35					390	30	30	42	51	51	51				390	30	30	42	51	51	51				390	30	30	42	51	51	51			
1000	35	85	97	33	29	60				420	12	12	12	12	12	12				420	12	12	12	12	12	12				420	12	12	12	12	12	12			
1050	10	67	67	61	64	61				450	3	6	4	40	40	40				450	3	6	4	40	40	40				450	3	6	4	40	40	40			
C & W (PL12)										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
420	62	80	37	9	12	20				300	16	3	20	24	34	34				300	16	3	20	24	34	34				300	16	3	20	24	34	34			
440	3	3	3	3	3	3				330	3	6	4	40	40	40				330	3	6	4	40	40	40				330	3	6	4	40	40	40			
460	3	3	3	3	3	3				360	3	6	4	40	40	40				360	3	6	4	40	40	40				360	3	6	4	40	40	40			
480	3	3	3	3	3	3				390	3	6	4	40	40	40				390	3	6	4	40	40	40				390	3	6	4	40	40	40			
500	9	9	9	9	9	9				420	3	6	4	40	40	40				420	3	6	4	40	40	40				420	3	6	4	40	40	40			
Coulson (PL15)										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
300	9	36	47	11	14	14				300	16	3	20	24	34	34				300	16	3	20	24	34	34				300	16	3	20	24	34	34			
350	9	36	47	11	14	14				330	3	6	4	40	40	40				330	3	6	4	40	40	40				330	3	6	4	40	40	40			
400	9	36	47	11	14	14				360	3	6	4	40	40	40				360	3	6	4	40	40	40				360	3	6	4	40	40	40			
450	9	36	47	11	14	14				390	3	6	4	40	40	40				390	3	6	4	40	40	40				390	3	6	4	40	40	40			
500	9	36	47	11	14	14				420	3	6	4	40	40	40				420	3	6	4	40	40	40				420	3	6	4	40	40	40			
Con. Under (PL12)										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
420	40	41	68	4	8	14				300	16	3	20	24	34	34				300	16	3	20	24	34	34				300	16	3	20	24	34	34			
440	14	16	17	17	20	29				330	3	6	4	40	40	40				330	3	6	4	40	40	40				330	3	6	4	40	40	40			
460	14	16	17	17	20	29				360	3	6	4	40	40	40				360	3	6	4	40	40	40				360	3	6	4	40	40	40			
480	14	16	17	17	20	29				390	3	6	4	40	40	40				390	3	6	4	40	40	40				390	3	6	4	40	40	40			
500	14	16	17	17	20	29				420	3	6	4	40	40	40				420	3	6	4	40	40	40				420	3	6	4	40	40	40			
CSC (PL12)										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
300	39	52	60	6	6	13				300	16	3	20	24	34	34				300	16	3	20	24	34	34				300	16	3	20	24	34	34			
320	39	52	60	6	6	13				330	3	6	4	40	40	40				330	3	6	4	40	40	40				330	3	6	4	40	40	40			
340	44	17	22	33	34	36				360	3	6	4	40	40	40				360	3	6	4	40	40	40				360	3	6	4	40	40	40			
Con. Steel (PL12)										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put										Options Unit: Dec2001 Call Put Call Put Call Put									
500	50	67	9	10	19	25				300	16	3	20	24	34	34				300	16	3	20	24	34	34				300	16	3	20	24	34	34			
520	34	67	9	10	19	25				330	3	6	4	40	40	40				330	3	6	4	40	40	40				330	3	6	4	40	40	40			

● First Dealings	Aug. 28	<i>London Share Service</i>
● Last Dealings	Sept. 14	Calls in Brent Walker, Int'l. Busi-
● Last Declarations	Dec. 6	ness Comm's., Park Food, Polly
● For settlement	Dec. 17	Peck, Sunleigh and Visteac. Put in
		John Foster. Put and call in Tus-
		car Res.

For rate indications see end of

Opening Index 2145.8; 9 am 2139.0; 10 am 2139.4; 11 am 2138.0; Noon 2137.2; 1 pm 2133.3; 2 pm 2133.5; 3 pm 2132.0; 4 pm 2130.0; 4.10 pm 2127.6; (a) 8.30am (b) 4.10pm + Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

Costain falls to £20m as interest charges treble

By Andrew Taylor, Construction Correspondent

COSTAIN GROUP yesterday became the latest company to announce a big fall in half-year profits due to high interest rates and the collapse of the UK housing market.

Pre-tax profits during the six months to the end of June fell by almost 38 per cent from £32.4m to £20.1m.

A big increase in borrowings following the purchase last year of the Pyro coal mining business in the US meant that interest charges almost trebled from £8.8m to £19.3m.

Mr Peter Costain, chief executive, said sales of properties in Maidenhead, Berkshire, and two buildings in Melbourne, Australia, would enable group gearing to be cut from about 88 per cent to between 70 and 75 per cent by the year-end.

The sale proceeds, however, would not arrive in time to reduce interest charges significantly for this year. The benefits were not expected to work through until next year.

Mr Costain said conditions in the UK housing market, if anything, had worsened this year. Commercial property results were also worse than during the comparable six months. The Maidenhead and Melbourne sales would be included in the second half of this year.

Mining, which this year is expected to produce at least half of Costain's profits, increased operating profits by about 20 per cent during the first half.

Australian mining profits rose substantially, while US profits were largely unchanged. The contribution from Pyro would have been \$8m higher but for problems caused by an explosion at the West Kentucky mine last autumn.

Mr Costain said productivity at the mine had improved since the beginning of July. Mining results in the US would therefore be better in the second half.

Engineering and construction profits had shown a useful increase during the first half, although there had been a slowdown in the number of

Costain Group

Share price (pence)

320

300

280

260

240

220

200

180

Jan 1990 Sep

Source: Datastream

new jobs becoming available for tender. The forward order book, however, remained at more than £1bn.

Group turnover rose 25 per cent from £605m to £754m. Earnings per share, however, slipped from 11.3p to 7.8p. The interim dividend was maintained at 4.75p.

COMMENT

Costain's share price took

slight comfort from the prospect of a reduction in gearing and closed 2p up at 190p. The prospects for housing, however, show no sign of improvement. A further write-down

against housing losses - following a £20m provision announced in March - has not been ruled out. Commercial property will continue to be a very difficult market, while contracting margins can only get worse. Mining is Costain's ace in the hole. This is doing better, but recovery is steady rather than spectacular - problems at Pyro not withstanding. Coal prices rises in west Kentucky announced last year have stuck, but have come off a bit in east Kentucky. This division continues to promise more than it has fulfilled. Higher oil and gas prices may help force the pace. With interest charges likely to remain high in the second half, full year profits could slip to £46m, compared with £55.1m in 1989. The group remains under a lot of pressure.

Plans to lift dividend abandoned due to depressed housing market John Laing shares hit by profits plunge

By Andrew Taylor, Construction Correspondent

TAXABLE PROFITS of John Laing, the construction and housebuilding group, plunged by almost two thirds from £21.8m to £7.8m during the six months to the end of June.

The share price fell by 38p to 210p, down 15 per cent, following the results announcement. The interim dividend was maintained at 3p. Mr Martin Laing, chairman, said it would be imprudent to pursue plans to increase the interim dividend, given the depressed state of the UK housing market.

Mr Laing said: "This year has been tough, but next year is unlikely to be any easier." Turnover in 1991 would be at best flat and could even be lower than during the current year.

Turnover during the first half rose from £853m to £709m. Earnings declined to 5.9p (16p). The number of UK house sales fell from 1,001 to 841. US sales fell from 341 to 191.

Mr Laing said the contracting order book remained strong, but work was becoming harder to replace as jobs finished. The sharp downturn in the UK commercial property market meant that fewer new schemes were being started.

However, the group had won several very large orders recently, including a joint venture with GTM Entrepose to



Martin Laing: next year unlikely to be any easier. Turnover would be at best flat

build a privately financed toll bridge across the River Severn. Laing had also won contracts, worth several hundred million pounds, to build UK plants for Toyota, the Japanese cars group, and for Glaxo, the British pharmaceutical group.

Net borrowings at the year-end were expected to be still only about 17 per cent of shareholders' funds.

COMMENT

The big fall in Laing's share

price was prompted by lower than expected profits, fears that the full-year dividend will not be increased and worries that the group will still only be bouncing along the bottom next year.

Housing profits in the first half include a provision of less than £5m against future losses. Contracting margins also are likely to come under pressure as the downturn in the property sector deepens. Laing, however, can take comfort

from its low level of gearing, compared with Wimpey and Costain. Its low exposure to commercial property development is a defence against yields which have returned to the crisis levels of the mid-1970s.

At some stage Laing, which builds most of its houses in south-east England, may become a recovery stock - but that time is not yet. Pre-tax profits this year could fall to £30m, against £87.5m last year.

AB Electronics hit by high loan costs

By Andrew Jack

FALLING MARGINS and higher interest charges cut pre-tax profits in AB Electronics, the south Wales-based electronic components manufacturer, by 27 per cent to £11.8m in the year to June 30, compared with £16.2m in the previous 12 months.

Turnover rose by a quarter to £261.31m (£208.61m), but operating profits fell to £14.98m (£15.9m) after a depreciation charge of £3.1m (£2.5m). The shares gained 4p to close at 205p.

"We are disappointed that the results are not better," said Sir Peter Phillips, chairman. "Severe competition put us under price pressure and squeezed margins. We had some growth but it was less than expected."

Fully diluted earnings per share fell 10.3p to 24.3p. But the board maintained the total dividend at 17.5p, including a dividend of 13.5p.

AB does not release a profits breakdown by division. But Sir Peter said the resale and distribution product group was in the red for the year. The other five groups were profitable.

The aerospace and defence group "returned satisfactory profits." The assemblies group was suffering from the downturn in computer investment. Components had "a difficult

year." The telecommunications group reported a "disappointing performance" in spite of the growth in satellite television and cable markets. It closed Tandata following the cancellation of British Telecom's videotex service.

The company wrote-off £2.55m in extraordinary items for the net costs of restructuring subsidiaries.

The interest charge soared to £3.85m (£383,000) on group borrowings of £17.7m.

AB may raise the odd eyebrow by holding the dividend, but the strategy should help to keep shareholders faithful and generate sufficient confidence to fund in part with paper the remaining 25m which funded recent expansion. The yield may also calm investors concerned by the underperformance of the shares. A refusal to give divisional breakdowns hardly sates analysis, but some feel there is still a focus on low margin businesses. The results are low but not surprising, and the company has fought dependence on a few customers and controlled the balance sheet. On pre-tax profits of £11m for 1990-91, earnings per share of 27.1p give a multiple of 7.

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The aerospace and defence group "returned satisfactory profits." The assemblies group was suffering from the downturn in computer investment. Components had "a difficult

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- Dividend up 13.5% to 5.90p per share.
- Life and Pensions profits up 25% to £62.7m.
- General Insurance loss of £20.3m.
- Windstorm claims of £38m after reinsurance.



Templeton Emerging Markets Investment Trust PLC 1% Convertible Unsecured Loan Stock 2001 ("Convertible Stock")

In accordance with and subject to the provisions of the Trust Deed dated 12 June 1989 ("Trust Deed") between the Company and the Governor and Company of the Bank of Scotland and the Tender Notice to each Stockholder, inviting each Stockholder to tender all or some of his Convertible Stock for sale to the Company.

The Tender Price payable in respect of Convertible Stock tendered pursuant to the Tender Notice is £1.07, payable in cash, for every £1 nominal amount of Convertible Stock purchased.

The Tender Period for 1990 will remain open until midnight on 24 September 1990 and accordingly Stockholders who elect to tender all or any of their Convertible Stock must complete and sign the Form of Tender enclosed with the Tender Notice, attach their Convertible Stock Certificate(s) and forward them to the Company's Registrar, Bank of Scotland, Registrar Department, 20A York Place, Edinburgh EH1 3EY so as to arrive not later than midnight on 24 September 1990.

Stockholders who wish to obtain further copies of the Tender Notice or Forms of Tender should contact the Company's Secretaries, Templeton Investment Management Limited, Templeton House, Atholl Crescent, Edinburgh EH3 8HA (telephone 031-228-3932).

By order of the Board
K J Greig

for Templeton Investment Management Limited
Secretaries

14 September 1990

UK COMPANY NEWS

Profits hit £83m in spite of severe setback at Ross Young's Savoury snacks sweeten UB's 10% rise

By Clay Harris, Consumer Industries Editor

STRONG VOLUME growth from savoury snacks in the US and Europe enabled United Biscuits (Holdings) to post a 10 per cent increase in pre-tax profits in spite of a severe first-half setback for Ross Young's, its UK frozen foods subsidiary.

The biscuits, snacks, confectionery and frozen foods group lifted pre-tax profits to £93m (£75.7m) on turnover ahead by 8 per cent to £1.38bn (£1.28bn) in the six months to June 30.

Salty snacks took the limelight from sweet biscuits on both sides of the Atlantic. Crackers and ready-to-eat gourmet popcorn fueled the strong profits rise at Keebler, which now ranks second in snacks as well as cookies in the US. However, its cookie volume and market share fell.

In the UK, KP Foods increased its share of the snack market to 38.2 per cent, thanks to leading brands such as Hula Hoops and Discos. Its private label share jumped to more than 50 per cent, and growth was also strong in continental Europe, especially in France

and the Benelux countries. Mr Robert Clarke, chairman and chief executive, said UB was close to buying controlling interests in four snacks companies in Spain and Portugal. The continent accounted for £94m, or nearly 7 per cent, of the group's total first-half sales.

By contrast with KP, the rise at McVitie's, the UK's largest biscuits maker, was limited by a shift from its brands to private-label products.

The worst news by far, however, came from Ross Young's. Profit margins in the first quarter were halved because of a sudden increase in costs, especially of fish products, which had not been immediately recoverable in higher selling prices. Like McVitie's, it suffered from a shift to private label products, which increased their market share to 43.5 per cent.

Terry's, the York-based confectionery subsidiary, increased its chocolate assortments market share to 27.5 per cent and relaunched the Calard & Bowser range of toffees

FIRST HALF RESULTS BY ACTIVITY (£m)				
	Turnover	% change	Trading profit	% change
McVitie's	288.2	+7	38.2	+8
KP Foods	228.7	+16	17.0	+24
Ross Young's	301.5	-1	13.4	-31
Terry's	58.1	+7	3.7	+12
Keebler	480.8	+9	27.1	+16
UB Int'l	3.9	+63	(6.9)	-25
Inter-co sales	(2.9)	na	na	na
Discontinued ops	na	na	(0.4)	na
Group overheads	na	na	(5.5)	-10
Total	1375.8	+8	92.6	+5

and mints. A decline in margins at the trading level was offset by a lower interest charge of £9.6m (£12.5m). Earnings per share rose to 12.2p (11.4p) or 11.6p (10.8p) fully diluted. The interim dividend goes up to 5.3p (4.9p) with a scrip alternative.

UB said Mr Eric Nicoll, designated a year ago as a future chief executive, would assume that part of Mr Clarke's role on January 1.

COMMENT
The main task ahead for young Mr Nicoll and mature Mr

Clarke is to demonstrate without doubt that the acquisition of Ross Young's was not a long-term misallocation of resources. The smaller, more efficient, more premium-oriented business UB envisages will go some way towards addressing the problem. But the two to three years that will take could now be nearing a close if the process had been started immediately. At least UB's often criticised position as private-label, as well as branded, supplier has been vindicated by the British consumer's trading down in the first half. For the full year, pre-



Robert Clarke: acquisitions in Spain and Portugal

tax profits of £206m are in view, putting the shares on a prospective fully diluted p/e of 11. They are unlikely to widen this premium over the market in the short term.

Tharsis falls to £260,000

Tharsis saw pre-tax profit fall from £425,000 to £260,000 in the first half of 1990. Interest received contributed substantially to the result.

Turnover fell from £1.11m to £232,000. Since the termination of the long term contract with a Belgian customer, pyrites sales operations were now reduced to the sale of a small tonnage to a UK customer. Export sales totalled 5,691 tons (49,127 tons).

Earnings came to 8.1p per share (14.6p) and the interim dividend is again 3p.

Quotations panel may probe Spurs' deal

By David Owen and Richard Waters

THE STOCK Exchange yesterday continued its investigation into the secret deal struck by Tottenham Hotspur, the quoted company which owns the London football club, with Mr Robert Maxwell, the publisher.

The exchange said that brokers had been contacted but that it had not yet decided whether it was necessary to get in touch directly with the parties involved.

The agreement, struck on August 8, envisaged the underwriting by Headington Invest-

ments, a vehicle for the Maxwell family, of a £13m rights issue that would have given it a stake of at least 25.1 per cent.

Last night the most likely outcome appeared to be a full investigation by the exchange's quotations panel, followed by a public report.

The panel has traditionally limited itself either to suspending or de-listing companies in cases where shareholders' interests are harmed. It has become clear in recent months, though, that the panel has adopted a new sanction of pub-

lishing its findings.

It is thus able to criticise directors publicly while protecting shareholders, who would otherwise be disadvantaged by de-listing or suspension. In the clearest indication of its new tactic, the exchange last month published a damning report into the on-off buy-out of Polly Peck announced by Mr Asif Nadir, its chairman and chief executive.

Tottenham has pledged to keep shareholders apprised of developments and said that they would receive a circular

"as soon as practicable".

Yesterday, Mr Maxwell reaffirmed his willingness to recommence discussions, adding that "it would be unfortunate if the discussions were to founder as a result of the much publicised disagreements on the Tottenham board".

Meanwhile, the Takeover Panel has decided against pursuing the matter further, taking the view that no offer period was in existence and that the affair was therefore "not really within our province".

Eagle Trust to end listing and emerge as TV and film group

By Paul Cheeseright, Midlands Correspondent

EAGLE TRUST, the West Midlands mini-conglomerate striving to regain solvency, has asked the Stock Exchange to cancel its listing.

The move is part of a plan to achieve, in three to four years' time, a listing for a new company dedicated to providing television and film services.

The shares were suspended in May 1989, when the price was 18p, giving the company a market value of £138m. In fact there is now a deficiency in shareholders' funds of £30.7m.

Given the present circumstances it would be pointless to seek the lifting of that suspension," Mr David James, the chairman brought into the group a year ago as "company doctor" told a subdued annual meeting in Solihull yesterday.

Some 80 shareholders heard Mr James outline Eagle Trust's plans for recovery and did not demur from a scheme involving the sale of all but the film and television companies in the group and litigation to

recover some of the funds which flowed out of the group between 1987 and 1989.

This flow of funds crippled the group and left shareholders with nothing. The slimming down to a core business based on its Samuelson subsidiaries and the eventual flotation of Samuelson would be the only way shareholders would receive any of their money back, Mr James asserted.

The events before 1989, which led to the suspension of trading in Eagle Trust shares, are now being investigated by the Serious Fraud Office and the Company Fraud Squad.

Eagle Trust over the last year has spent £2m of its own money in trying to trace the path of payments made by the former management. It is budgeting a further £4m to follow through a series of court actions which between them have a value of £70m.

The key problem for Mr James and the new board is to reduce indebtedness. Bank bor-

rowings total £97m. Of this £7m is owed by overseas subsidiaries and is not a cause for concern. A further £13m is used as working capital by operating subsidiaries and, again, is not a concern.

Company sales and litigation to recover lost funds are the means chosen to reduce the balance of £77m in debt held by the parent.

The sale of Walter Somers, the Midlands forgermaster caught up in the "super-gun" affair, and Clarke's Crank and Forge to Folkes Group will slice off a further £10m.

The agreement of the group's bankers to exchange £15m of debt for redeemable preference shares will reduce borrowings further, to £49m.

Apart from Trio Containers, undergoing reorganisation as a prelude to the search for a buyer, and the film and television businesses, Mr James expects all Eagle Trust subsidiaries to be sold by early 1992.

Storms trim Legal & General to £41.5m

By Richard Lapper

LEGAL and General, the UK life and general insurer, announced profits broadly in line with expectations yesterday, with losses of £38m from the January and February windows largely responsible for a sharp fall in profits to £41.5m, compared with £76m at the half way stage last year.

Mr Joe Palmer, chief executive, said without these losses "we would have had a record interim profit".

COMMENT
The company's decision to increase its interim dividend by 13.5 per cent to 5.9p is indication of the defensive qualities of the stock. The increase compared to a rise in interim dividend of 13 per cent at Prudential earlier this week and

somewhat lower increases for the five composites announced over the last six months. Dividend yield of 8.1 compares favourably to a life insurance sector average of 5.8. Looking ahead to the second half, although the outlook for new UK pensions and life business is reasonable, there are some clouds on the horizon. In particular there are indications that Legal & General will suffer from rising weather-related claims. Subsidised losses amounted to £10m in the first six months and a further £5.5m in July and August. Total subsidised claims are likely to be well in excess of last year's £22m. After dry summers, subsidised claims tend to concentrate towards the end of the year.



Joe Palmer: without these losses we would have had a record interim profit

Ambassador £2.4m acquisition

By Maggie Urry

AMBASSADOR Security Group, the USM-quoted alarm company, is buying Alarm Manufacturing and Electronics Holdings (Ameco) for £2.4m. The purchase involves the issue of 13.7m shares at 28.5p each, to finance the acquisition and to reduce its own debt.

The shares were unchanged yesterday at 31p, although the news came minutes before the

market closed. Ameco is based in the north of England, while Ambassador's strongest is in the south-east. The enlarged group will have 15 branches.

Ambassador, which joined the USM in July 1990, also announced interim results and a move to a full listing in October. Sales in the six months to end June doubled to £1.92m

and pre-tax profits increased by 35 per cent to £277,000.

Earnings per share growth was held to 5 per cent, at 2.01p (1.91p). An interim dividend of 0.25p will be paid.

Shareholders are offered four new shares for every five. The vendor of Ameco is retaining £1m worth of Ambassador shares and any new shares not taken up will be placed.

Midland Bank may sell French mortgage arm

By David Lascelles, Banking Editor

MIDLAND Bank is considering selling Banque Immobilière de Crédit, its French mortgage lending subsidiary.

Midland said yesterday that it had no particular partner in mind, nor had a decision been taken as to whether the entire business or only a stake would be sold.

The bank, which has assets of £11.1bn, is a subsidiary of Midland Bank SA, Midland's 75 per cent owned French arm.

The sale is being contemplated in the context of Midland's wish to focus its European business on corporate and investment banking. The group is also keen to realise capital to strengthen its balance sheet.

Property Co of London surges to £2.8m

The Property Company of London announced pre-tax profits of £2.77m for the 15 months ended March 31. In the previous 12 months profits of £300,000 were made.

Mr Stephen Alexander, chairman, said the last year had been one of transition as the company began refocusing its core business.

The results reflected the acquisition of Environmental and Recreational Developments, which added golf course development and related activities to the group's nursing home interests.

Mr Alexander said the opening of the golf course at Colingtree Park was a milestone in the company's development and it was ready to undertake further schemes in both the UK and continental Europe.

To reflect more accurately its area of operations and intended direction, it was proposed to change the company's name to International Resort Holdings.

Turnover was £20.07m (£6.83m) and earnings 11.2p (2.6p). The final dividend of 3p, makes a total of 4p.

European success helps take Spandex to £2.2m

THE FIRST half of 1990 saw further growth and development for Spandex, the USM-quoted distributor of equipment to the sign making and allied industries and maker of vinyl.

From sales ahead 10 per cent to £20.6m (£18.8m) the pre-tax profit moved up 6 per cent to £2.21m (£2.05m). Earnings per share were 12.8p (12p) and the interim dividend is 1.75p (1.5p). Mr Charles Dobson, chairman, reported a healthy performance across all companies.

Entering mainland Europe by setting up strong strategic bases in each new territory resulted in successful market penetration in targeted areas. Overseas sales accounted for almost 50 per cent of the group total.

Further expansion in Europe was anticipated as opportunities arose. In West Germany, H Brunner performed exceptionally well. Mr Dobson said it was increasingly seen as the "flag ship" subsidiary.

Olives Holdings dives to £0.26m

Sales and profit slumped at Olives Holdings, the paper and property group, in the six months to June 30. On sales down from £8.61m to £2.56m the taxable result fell from £906,188 to £260,754.

Administration costs took £255,581 (£454,970) and interest £198,116 (£39,739). After tax of £85,000 (£317,000) earnings per share came to 2.28p (7.73p). The directors have maintained the interim dividend at 3p.

Flogas static with £4.2m

Profits were almost static at Flogas, a distributor of liquefied petroleum gas, in the year to May 31. The taxable result of £124.2m (£3.85m) compared with £124.17m in the previous 12 months. Sales grew 49 per cent to £234.92m, but interest charges were higher.

A final dividend of 4.12p is recommended on earnings per share of 17.01p (13.18p). The total dividend comes to 6.66p, against 6.43p last time.

NEWS IN BRIEF

BRITANNIA REFINED Metals, part of MIM Holdings, is buying the lead smelting, alloys and battery strip assets at Elswick, Newcastle upon Tyne, of Cookson Industrial Materials. Completion of the purchase will take place no later than December 31 1991.

BRUNNING GROUP has completed the disposal of Circular Distributors. Net proceeds of the sale amounting to £840,000 will reduce Brunning's overdraft. Together with the disposal last week of Index Advertising, this marks the first

phase of Brunning's repositioning as a marketing services consultancy.

BZW CONVERTIBLE Investment Trust For initial trading period February 8 to July 31 1990 total income was £24,06m, net revenue £2.26m and earnings 4.47p per share. Dividend is 3.8p. Net asset value was 94.34p at the end of the period, a decline of 1.8 per cent since the company was launched.

REED INTERNATIONAL has acquired the Agfa group, a private exhibition company in Switzerland.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the indications shown below are based mainly on last year's time-table.

TODAY	
Interim: ASD, Anderson Resources, Barry	
Shareholders: British Malt, Daniels (3), Elve	
(Wimbledon), McLaughlin & Harvey, Serns,	
Finals: Associated Nursing Services, Auto-	
magic, Walker (Thomas)	
FUTURE DATES	
Interim: Capital & Regional Props	Sep. 27
Interim: (1)	Sep. 28
F & C Public Inv Trust	Sep. 28
Grant	Sep. 28
Horbury	Sep. 28
Sant Convents	Sep. 28
Worcester	Sep. 28
Finals:	
Hays	Sep. 24
Lloyd Thompson	Sep. 24
Sheldon Jones	Sep. 24
Stratford Goldsmith	Sep. 27
Waterman Partnership	Sep. 27



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FINANCIAL TIMES FRIDAY SEPTEMBER 14 1990

McVITIE'S HOB-NOBS · KP LOWER FAT CRISPS · KEEBLER MAGIC MIDDLES · CALLARD & BOWSER TOFFEES

29

TERRY'S ALL GOLD · ROSS VEGETABLE GOURMET · McVITIE'S BOASTERS · THE REAL McCOY'S · McVITIE'S PIZZA SLICES · KEEBLER RAINBOW CHIPS DELUXE · McVITIE'S CHOCOLOVA · CROKY CHIPS

ROSS STIR FRY · McVITIE'S PENGUIN · KP HULA HOOPS · KEEBLER RIPPLIN'S · TERRY'S CHOCOLATE ORANGE · KP DRY ROASTED PEANUTS · CARR'S TABLE WATER · BRANNIGAN'S NUTS

A PROVEN RECIPE FOR SUCCESS.

Interim results highlights (unaudited)

	1990	1989
Sales	£1,399.9m	£1,398.5m
Trading profit	£92.6m	£88.3m
Profit before tax	£83.0m	£75.7m
Earnings per share		
Undiluted	12.2p	11.4p
Fully diluted	11.6p	10.8p
Dividends per share	5.3p	4.9p

Our recipe for success is to concentrate our resources in areas in which we can excel – areas in which we have proven expertise and strong market positions.

As a result we have an international portfolio of highly successful brands in the snack, confectionery, frozen and chilled food, and biscuit markets.

Naturally, not all of these markets will grow or perform evenly. One benefit from this strong portfolio is that it enables us to make consistently good overall progress, as our first half results show.

Whilst commodity price increases adversely affected Ross Young's performance, there were excellent results from KP and Keebler, both

increasing their share of fast-growing snack markets. This, together with continuing profit growth by McVitie's and Terry's, enabled the group to increase pre-tax profit by 10% and the interim dividend by 8%.

With our many famous brands going from strength to strength, United Biscuits has the recipe to provide shareholders with continued dividend growth.



UNITED BISCUITS
A business inspired by consumers

The Interim Report will be posted to shareholders on 18 September. If you would like a copy please write to Group Communications Department, United Biscuits (Holdings) plc, Grant House, PO Box 40, Syon Lane, Isleworth, Middlesex TW7 5NN. Tel. 081-560 3131. The directors of United Biscuits (Holdings) plc accept responsibility for the contents of this advertisement, which has been approved for the purpose of Section 57 of the Financial Services Act 1986 by Ernst & Young, Chartered Accountants, a firm authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

KEEBLER WHEATABLES · KP DISCOS · VERKADE CAFE NOIR · YOUNG'S PRAWNS · KEEBLER POP DELUXE

UK COMPANY NEWS

Sirdar down 26% but maintains dividend

By Mani Deb
A DIFFICULT year in the hand-knitting yarn market contributed to Sirdar, the specialist textiles group, recording a 26 per cent drop in taxable profits for the year to June 30.
Pre-tax profits totalled £5.3m (£7.2m) on turnover slightly lower from £56.15m to £54.37m. Interest payable rose 24 per cent to £1.2m (£912,000), and tax took £1.15m (£1.71m).
Mrs Jean Tyrrell, chairman, said it was a very good year for floorcoverings but another difficult year for hand knitting yarn.
Group borrowings rose mainly because of the purchase of Tilia Yarns and the increased working capital required in the venture.
Capital expenditure was slightly increased to £2.3m. Earnings per share fell to 5.91p (8.44p), but an unchanged final dividend of 3.5p is recommended, making 5.15p (same) for the year.

ABP rises 24% to £30m aided by ports strength

By David Owen

SOARING MARGINS in the ports and transport division enabled Associated British Ports to overcome a sharp downturn in property and report a 24 per cent advance in interim profits.
The country's largest port operator raised pre-tax profits from £24.5m to £30.5m in the six months to June 30. Turnover slipped from £103.3m to £97.5m.
Sir Keith Stuart, chairman, attributed most of the improvement in margins "in one way or another" to the abolition of the National Dock Labour Scheme.
Turnover in ports and transport increased nearly 13 per cent to £91.1m (£80.9m), principally due to the effect of last year's £27m Red Funnel acquisition.
ABP said it was no longer directly involved in cargo handling at several of its larger ports. "A natural consequence of getting out of cargo handling is that the revenue we earn is much more predictable... It is infinitely less

risky; a lot of our business is underwritten by traffic guarantees." Profits from the division more than doubled to £29.7m (£12.6m).
Property-related turnover tumbled off to £6.4m (£22.4m). The £2m profit compared with £10.4m previously.
An extraordinary charge of £7.9m related to severance costs of former registered dock workers, and a similar charge is expected in the second half.
Another £1.6m relating to other voluntary severance payments was deducted from operating profit.
Interest charges of £1.2m compared with £1.5m received in the first half of 1989.
Earnings per share climbed to 11.4p (9.5p). An interim dividend of 2.75p (2.25p) is declared. The shares slipped 4p to 224p.

COMMENT

It is now clear that the timing of the Dock Labour Scheme's demise was fortuitous for ABP: funds that would once have disappeared into dockers' pockets

are now bolstering profits and have more than offset the impact of the property downturn. As recently as 1988, it should be remembered, the respective profit contributions of property and port operations were about equal.
Nonetheless, the extent of the group's exposure to the sickly property sector should not be underestimated: for example, financing costs were much higher than £1.2m if interest capitalised is taken into account. Indeed, at its 1989 year-end, ABP was approximately 100 per cent-gear (although the shareholders' funds calculation admittedly excludes a £189m surplus of port land over book value).
The results of a planned revaluation of port properties - to be reported in the full-year accounts - will be awaited with interest. Assuming full-year profits of some £68m, the prospective multiple of about 9 fairly balances the bullish outlook for the port business with the more uncertain prospects for property.

Brake Bros up 30% but slowdown seen

By Clay Harris, Consumer Industries Editor

BRAKE BROS, the Kent-based specialist supplier of frozen food to the catering industry, increased pre-tax profits by 30 per cent to £6.28m in the six months to June 30.
The advance from £4.82m in the 1989 half was achieved on turnover ahead by 34 per cent to £89m (£66.4m). With earnings per share rising to 8.9p (6.9p), the interim dividend is lifted to 1.5p (1.2p).
Mr Frank Brake, managing director, said the company expected further growth in the second half, but it was unlikely to match the pace of the first six months.
He said he was neutral towards Booker's proposed takeover of Fitch Lovell, another food services group, because it would not change the competitive position in the frozen sector, in which Brake has the largest market share. The Booker-Fitch deal has not yet received regulatory clearance.
Brake spent £3.6m on capital investment, excluding acquisitions, in the first half. The total may reach £12m in the

full year. The company already complies with new temperature controls which come into force next year, so no further spending will be needed on that score.
It has spent £4.2m on acquisitions since July 1989. Excluding these businesses, which made a small profit in the half



year, underlying sales growth was close to 25 per cent.
The two latest purchases were Elm Dale Foods, a producer of prepared foods for the public sector, and Caterfrost, a Scottish supplier of frozen food to caterers.

NEWS DIGEST

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J Haggas declines to £0.73m

A SHARP fall in taxable profits, from £1.7m to £733,000, was announced by John Haggas, the West Yorkshire-based worsted spinner, for the year to June 30.
Directors are proposing to halve the final dividend to 1p for a 2p (3p) total. Earnings per 10p share fell to 1.33p (4.67p).
Turnover was only slightly lower at £36.52m (£36.96m) with manufacturing ahead from £29.61m to £28.44m. However, profits from that side fell to £1.56m (£2.81m). Retail activities suffered losses of £1.23m (£1.11m) on a reduced turnover of £4.09m (£7.35m).
After the dividend distribution, losses amount to £15,000 (£364,000 profit).

Bletchley Motor hit by interest charges

Higher interest charges pulled down the pre-tax profit at Bletchley Motor Group from £475,000 to £328,000 in the half year to June 30.
Turnover rose 16 per cent to £27.91m (£24.03m) and produced a profit of £379,000 (£395,000). Interest took £551,000 (£488,000).
Sales in the garages increased 15 per cent and profit before interest by 25 per cent. The refurbishment programme had been a contributory factor and would continue, said Mr David Dunn, chairman.
Profits also increased by £73,400 following the revision of the useful economic life of the commercial vehicle fleet.
The disruption caused by the move to a larger site in Buckingham affected the results for the first five months, and BMG Rentals made a lower contribution because of reduced demand, particularly in the

commercial sector.

As to prospects, Mr Dunn said "if the economy allows I would hope that actions we have taken will allow us at least to match last year's results." Pre-tax profit in 1989 was £705,000.

Earnings per share for the first half were 6.7p (9.9p), but the interim dividend is up to 4.1p (3.75p).

Huntleigh Tech aims for record year

Huntleigh Technology yesterday announced interim profits up 81 per cent from £377,000 to £684,000 and the directors said they expected to announce record results for the year.
Sales in the first half to June 30 rose 13 per cent to £3.25m (£7.32m) and interest payable was cut back to £67,000 (£112,000). The USM-quoted company makes instrumentation and control systems for industrial and medical applications.
The interim dividend is increased by 0.5p to 1.25p on

earnings per share up 78 per cent to 5.1p (2.87p).

Mr Rolf Schild, chairman, said the healthcare division should see further growth in the second half and the relocated instrumentation division was expected to achieve significantly higher sales volume.

Swallowfield nearly halved to £633,000

The reduction in high street spending and higher interest charges resulted in profits nearly halved at Swallowfield, the USM-quoted aerosol manufacturer, in the first half.
Sales were up 21 per cent from £7.53m to £9.11m in the 24 weeks to June 16, but operating profit declined to £590,000 (£1.16m). Net interest payable surged to £297,000 (£29,000), leaving taxable profit at £633,000 (£1.13m).
The interim dividend is maintained at 2.2p on earnings per share of 4.2p (7.8p).
Mr Terry Organ, chairman, said prospects for the second half were good, with orders at

Aerosol International above last year and Cosmetics Plus coming into profit.

Abingworth makes £8m capital gain

Abingworth, mainly a venture capital investor, increased its liquidity in the year ended June 30 1990 in the run up to its liquidation, proposed for the autumn of 1991.
Realisations totalled £13.2m, of which £3m came from the UK portfolio and the balance from sales of US investments. In aggregate they gave rise to a net gain of £8.3m over cost. The cash generated was principally invested in gifts.

No new investments were being made, unless they could be realised by the autumn of 1991; but support to existing investments was being given.
At June 30 some 27 per cent of the net asset value was in gifts or cash and a further 31 per cent in quoted securities. Net asset value stood at 379p, compared with 368p at end-December and 360p in June 1989.

Earnings per share for the year were again 1.9p, and the dividend is held at 1.5p. Dividends and interest received came to £1.4m (£1.16m) and net revenue to £383,082 (£386,435).

Lower margins limit Abbeycrest to £1.5m

Abbeycrest, a silver and gold jewellery manufacturer, reported pre-tax profits for the six months to the end of June up 4 per cent to £1.53m, against £1.47m. Turnover increased from £17.28m to £21.47m, a rise of 24 per cent.
Mr Michael Lever, chairman, said that margins had been hit in a competitive market and the costs of its large development programme had been taken above the line. The net interest charge increased to £237,000 (£27,000) the result of high interest rates and unusually early gold fixing.
Tax took £527,000 (£338,000) leaving earnings per share of 4.3p (5.5p) basic or 4.2p (same) fully diluted. The interim dividend is unchanged at 1.2p.

RTZ HALF YEAR RESULTS

	half year '90	half year '89
Net profit (after tax and minorities)	£269m	£279m
Earnings per share	27.3p	31.8p
Dividend	6.0p	5.0p

- Sound performance from strong, diverse mineral asset base, despite lower metal prices.
- Continuing satisfactory contribution from major assets acquired last year.
- Financial strength: gearing 29 per cent; net interest covered 20 times.

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Haribeesfontein Gold Mining Co Limited

(Incorporated in the Republic of South Africa)
An Anglovaal Group Company
Reg No 000000000

Chairman's statement for the year ended 30 June 1990

Profit before taxation declined by R171 million from R588 million in 1989 to R417 million. This was mainly due to lower gold production, exacerbated by a decline in the average rand gold price received, higher operating costs and losses from sales of uranium oxide. Taxation and State's share of profits decreased to R244 million (1989 - R333 million) as a result of the reduced pre-tax profit. The appropriation for capital expenditure was lower at R22 million (1989 - R60 million) and loan repayments totalled R2 million (1989 - R1 million). After-tax profits amounted to R173 million (1989 - R255 million) and earnings declined from R194 million in 1989 to R149 million, equivalent to 132.9 cents per share (1989 - 172.9 cents per share). Dividends totalled 130 cents per share (1989 - 180 cents per share).

Although mill throughput increased by 2 per cent, gold production from underground sources decreased from 29 215 kilograms in 1989 to 28 831 kilograms. This was due to the decline in the recovery grade - which was marginally greater than anticipated last year - from 9.3 grams per ton to 9.0 grams per ton following the increase in the mining of marginal blocks in the lower-grade western portion of the mine. The higher development rate achieved in the last two years (from 39 609 metres in 1988 to 44 796 metres in 1990), together with the current ability to conduct such development in payable areas, should arrest further declines in recovery grades for the next three to four years. Unit costs rose by 21.3 per cent (1989 - 21.6 per cent). As indicated last year, this was due to increased development, additional expenditure associated with the commencement of operations at No. 8 shaft and general cost escalations.

The low-grade gold recovery plant continued to operate satisfactorily during the year. Tons treated increased by 11 per cent to 1 723 000 tons but, as anticipated, the recovery grade decreased and averaged 1.39 grams per ton (1989 - 1.56 grams per ton). Gold production totalled 2 391 kg (1989 - 2 417 kg). It is expected that the recovery grade during the current year will again be marginally lower, but should stabilise at approximately 1.3 grams per ton.

The uranium market continues to be weak and therefore lower sales volumes and prices received for uranium oxide again resulted in a loss from the production of uranium oxide, sulphuric acid and pyrite. As reported previously, the Company's treatment plant uses the reverse leach process for uranium extraction prior to gold recovery, whereby the latter is considerably enhanced. The financial benefit of this procedure is being monitored and in the event of a further deterioration in the market, alternative processing operations will be considered.

Capital expenditure for the year totalled R22.4 million (1989 - R60.5 million) and was incurred mainly on No. 8 shaft, upgrading of employee accommodation, metallurgical plants, underground equipment and services, and the completion of the mine training centre. Capital expenditure for the current year is estimated at R48 million to be incurred on No. 8 shaft, upgrading of refrigeration plant, underground equipment and services, metallurgical plant and improvements to employee amenities.

Tonnage milled from underground sources for the current year is planned at 3 million tons - some 200 000 tons (6.8 per cent) less than achieved last year - due to shortage of payable stops face resulting from the substantial increase in the pay limit.

Development for the current year is planned at slightly lower levels than those achieved in 1990. However, operating costs will continue to be adversely affected by the additional overhead structure associated with operating No. 8 shaft and general cost escalations. Therefore, the Company's ability to maintain earnings and dividends at 1990 levels will be determined principally by the rand gold price.

Basil E. Hersov

Basil E. Hersov D.M.S.
Chairman 4 September 1990

The annual general meeting of members will be held at Anglovaal House, 56 Main Street, Johannesburg, at 08:45 on Tuesday, 9 October 1990.

20/09/1990

UK COMPANY NEWS

Coats Viyella at £54.9m and maintains interim

By Maggie Urry

INTERIM RESULTS from Coats Viyella, the textile group, proved to be not as bad as the stock market had feared and the shares rose 8p to 99p. Pre-tax profits of £54.9m, were only slightly down from the £55.2m reported for the first half of 1989.

Investors were also relieved to see the 3p interim dividend maintained, hoping that the final would be held too.

Sir David Alliance, chairman, said profits would have been £1.9m higher but for variations in exchange rates, and "would have been well ahead of last year" but for a sharp fall in profits from Brazil, where the new Colcor administration is trying to bring down hyper-inflation by painful methods.

The figure benefited from a swing on the pension fund from a charge of £4.8m to a credit of £3.1m, although gains on fixed asset sales and other exceptional items were slightly lower at £3.8m (£4.2m).

Below the line, the group has accounted for both the interest and the possible payment of a premium on early redemption of the £98m convertible preference share issue.

This added £5m to minorities, which amounted to £3.5m (£3m). The effect of providing for the put option was to cut earnings per share by 0.5p,



Sir David Alliance: sharp fall in profits from Brazil

while a higher tax charge also depressed earnings, which were down 21.1 per cent to 4.98p.

Sir David said all the overseas regions increased profits except for South America. High interest rates hit business in the UK.

He said the group's international spread gave some protection against problems in the UK, where Coats has cut back some businesses while investing in others so that "core businesses emerge strongly from the present difficult period" he said.

The group's net interest charge fell from £10.6m to £5.3m, helped by a shift to dollar debt and dividends from the group's 29.9 per cent stake in Tootal, left from the bid agreed last year between the two but later abandoned. Balance sheet gearing fell from 24 per cent to 21 per cent at the half year date.

COMMENT

These figures were not quite as good as they look, but a lot better than they might have been. And analysts were encouraged both by the group's more conservative accounting and greater openness on the numbers. Now into its third year of recession, Coats has not only survived but overcome more than its fair share of bad luck. The shares have underperformed the market drastically over the last three years, and though that may not be reversed quickly, these figures should at least mark the bottom. A renewed bid for Tootal is looking less likely, and another write down of the stake possible. Without a bid, the strong balance sheet and positive cash flow makes the final dividend safe, barring fresh disasters. A 12 per cent yield is more of a group in the short term than a sub-9 p/e, on forecasts of £120m (£137.4m).

Saatchi rejects buy-out proposals

By Alice Rawsthorn in New York

SAATCHI & Saatchi, the troubled communications company, has rejected proposals for management buy-outs from Siegel & Gale, its design consultancy, Yankelovich Clancy Shulman, its research company.

Mr Alan Siegel, chairman of Siegel & Gale, presented formal proposals for a buy-out to Mr Robert Louis-Dreyfus, chief executive of Saatchi, at a meeting in New York on Tuesday. However, Mr Louis-Dreyfus told Mr Siegel that he had decided not to accept the proposals and that Siegel & Gale would remain within Saatchi for the foreseeable future, but would be able to expand its international operations to Japan and West Germany.

Earlier this week Mr Louis-Dreyfus also rejected buy-out proposals from Yankelovich. Saatchi has been selling subsidiaries in order to raise capital to reduce its debts.

So far the disposals have been concentrated among its management consultancies, but two other communications companies - Howard Marshall, the sales promotion consultancy, and McCaffrey McCall, the advertising agency - are negotiating over buy-outs.

The proceeds of the sale of the management consultancies have been disappointingly low. The consultancies have been able to take advantage of Saatchi's weak negotiating position to secure low prices.

Heywood Williams buys glass group

In a cash and share deal worth about £2.8m, Heywood Williams Group has purchased Garfield Glass of Walthamstow.

Garfield supplies mirrors and mirrored glass products to the home improvement and contract interior markets.

Consideration for the purchase was satisfied by £1.25m in cash, the issue of 225,000 ordinary shares and 585,000 convertible redeemable preference shares.

Recovery under way at Bernard Matthews

By Graham Deller

AFTER THREE years of falling profits, which owed much to nationwide listeria scares and a glut of turkeys, fortunes appear to be on the upswing at Bernard Matthews, the Norfolk-based turkey and meat products group.

In the 26 weeks to July 15, taxable profits amounted to £5.23m, an advance of 66 per cent on the depressed £3.75m recorded in the first half of 1989.

The group's shares improved

8p to 81p yesterday. "As a direct result of concentrating on our core business we are achieving sustainable efficiency improvements," said Mr Bernard Matthews, chairman. He expected the rate of improvement in profits to continue throughout the current year.

Sales and profits from added value turkey products increased significantly, he added, and more than offset a continued decline in demand

for the group's red meat roasts which "reflected the national trend of a reduction in roast meat consumption".

After unhappy detours into areas such as lamb and pet foods, the group is adopting a more cautious line with new products. Test marketing of its fish range was continuing but "it is too early to assess its full potential," Mr Matthews said.

Sales - stagnant for the past three years - showed a 13 per

cent improvement to £71.72m (£68.43m) in the first half. The pre-tax line benefited from interest charges sharply reduced at £238,000 (£571,000).

After an estimated tax charge of £2.18m (£1.31m), earnings emerged at 3.22p (1.89p) per share although the later figure was buoyed by the group's buy-in of 800,000 shares during the period.

In a move to reduce disparity, the interim dividend is doubled to 2p.

NEWS DIGEST

Creston falls £0.5m into red

LOSSES AT a subsidiary and related company left Creston, the shopping and holding company in the red for the year to June 30. The company said that the results masked excellent performance at Aluminium Profiles and KLG Glass.

The company said that it did not foresee the collapse of two companies to which Aluminium & Timber Securities, its main subsidiary was a supplier.

Taxable losses were £489,000, compared with profits of £268,000. Aluminium & Timber incurred a loss of £330,000 (£538,000 profit) and the loss of the related company increased from £4,000 to £160,000.

The results from the general portfolio were disappointing, the company said, but in line with the performance of smaller capitalisation stocks. Net asset value at the end of the period was 33.29p, against 43.66p a year earlier.

Group turnover was £15.77m (£11.96m). The loss per share came out at 1.29p (3.36p earnings) and the final dividend is cut to 0.3p for a total of 1p (1.7p).

Losses of £0.22m for Firstland Oil

First half pre-tax losses of £219,000 were announced by Firstland Oil & Gas, the USM-quoted exploration and production company. Last time there were profits of £327,000.

The company said it was in a sound financial condition with

virtually no debt. It was examining a number of acquisition opportunities but current economic conditions did not encourage the board to make purchases which would alter the financial stability of the company.

For the six months to June 30 turnover was little changed at £235,000 (£232,000). Cost of sales was £282,000 (£331,000) and administrative expenses took £221,000 (£289,000). Losses per share amounted to 1.01p against earnings of 1.29p.

Metsec profit up an 'acceptable' 6%

Metsec increased its pre-tax profit by 6 per cent in the first half of 1990, "an acceptable performance" in view of the economic downturn in the UK and its depressing effect on the group's markets.

The USM-quoted group serves the building products, electronic products, engineering and construction industries. Its turnover rose a little more than 3 per cent to £28.85m (£28m) and the profit worked through to £2.8m (£2.18m).

Earnings per share came to 9.88p (11.07p); the interim dividend is stepped up to 2.7p (2.35p).

Mr Keith Hirst, chairman, said the strategy had been to continue the development of the UK base and to begin the positioning of overseas businesses with strong growth potential to complement the UK activities.

Those businesses should be able to contribute significantly to profitability during 1991 and beyond.

For the rest of the year indications were that growth in profitability would continue, provided there was no further

significant weakening of trading conditions.

Sharp rise to £5.7m at Com'ty Hospitals

Community Hospitals Group lifted its operating profit by 15 per cent in the year ended June 30 1990.

But taking in interest received of £541,000, against £1.3m paid, and crediting an exceptional £1.07m, the pre-tax profit surged from £2.35m to £5.7m.

The directors said activities over the past year demonstrated the company's ability to realise opportunities for expansion while maintaining earnings. They looked for continued progress in the current year.

Turnover amounted to £28m (£21.44m) and operating surplus was £4.33m (£3.66m). The exceptional credit arose on the sale of its investment in Caldaire Independent Hospitals.

Earnings per share were 17.3p (11.7p), the exceptional item accounting for 3.3p. The proposed final dividend is 3.3p for a total of 5.3p (4.5p).

Readymix up 77% on steady demand

Good weather and steady demand helped Readymix, the Dublin-based concrete and building materials group, raise taxable profits from £1.33m to £2.35m (£2.18m) in the six months to June 30.

The contribution from most products and geographical areas improved over last year, directors said, although there was some weakness in agriculture and housebuilding.

The 77 per cent profits rise came on sales of £15.18m (£12.18m), from which cost of

sales took £18.83m (£17.36m), distribution £2.55m (£2.23m) and administration £1.3m (£1.17m).

Interest payable was significantly lower at £269,000 (£114,000) and tax took £300,000 (£172,000).

Earnings per share rose to 5.23p (3p) and an interim dividend of 0.55p (0.4p) is declared.

All-round growth at British Fittings

All divisions of British Fittings Group contributed to an increase of 18 per cent in pre-tax profit for the first half of 1990.

The profit came to £3.3m (£2.79m) and was generated from turnover 20 per cent higher at £42.7m (£35.56m). Earnings per share were 11.01p (10.06p) and the interim dividend is raised to 1.375p (1.25p).

Mr Brian Stanton, chairman, said stockholding and distribution included Bonwards (Fareham) for the first time and the division lifted turnover 16 per cent and operating profit 29 per cent to £3.55m.

With the exception of the south-east and East Anglia budgets were exceeded, margins were maintained and costs contained. Trading in the second half was holding the levels achieved to June 30.

High pressure water products included contributions from Martin J Storey and Newlock; they provided £1.9m turnover and £50,000 operating profit to divisional totals of £8.72m and £1.02m respectively. The remainder of the division had a quiet first half; the current period started reasonably well.

The non-ferrous metals distribution subsidiaries made good progress in a difficult market.

Systems Reliability £13m sale

By Nigel Clark in London and Ronald van de Krol in Amsterdam

SYSTEMS Reliability Holdings, the Luton-based computer services company, is pulling out of personal computers with the sale of its Corporate Computers division to VRG, the Dutch paper and printing equipment group.

The company also announced pre-tax profits for the first half of 1990 up 66 per cent to £5.01m (£3.02m). During the period the company made four acquisitions.

Mr Robert Evans, chairman, said that Corporate Computers no longer fitted into the group's strategy and would release funds for further expansion. VRG is paying a total of £13m, made up of £9m to be paid on completion, the

repayment of £3m of inter-company debt and a deferred payment of £1m.

The effect of the sale would be to increase net assets by about £9m and reduce net debt by about £15m. Corporate contributed 1989 pre-tax profits of £1.36m, about 17 per cent of the group total, on turnover of £25.9m and had net assets at the end of the period of £789,000.

The acquisition is part of efforts by VRG, the largest paper wholesaler in the European Community, to strengthen its business systems division, which accounts for about 30 per cent of annual turnover.

Group turnover for the six

months was more than doubled from £44.61m to £95.35m. The pre-tax figure was struck after a much increased interest charge of £1.19m, against £373,000.

Mr Evans said that with the present mix of activities profits were weighted towards the second half. He added that the first two months of the second half were in line with expectations.

The tax charge was £1.8m (£795,000) on an effective rate up from 26 per cent to 32 per cent. Earnings per share came out at 6.25p (6.21p) and the interim dividend is raised to 1p (0.75p).

The shares closed at 86p, up 1p on the day.

CONTINUED GROWTH AT THE HALF YEAR

Commenting on the interim results, Lord Tombs, Chairman said: "These results underline the consistent performance of the Group as we continue to broaden our range of products and increase our market share."

Our order book continues to grow and illustrates the long term nature of the business, representing a substantial workload stretching well into the future."

DIVIDEND

The directors have declared an interim dividend of 2.55p per ordinary share (1989: 2.3p). This will be paid on 3 December 1990 to those shareholders on the register on 12 October 1990.

UNAUDITED GROUP PROFIT AND LOSS ACCOUNT for the half year to 30 June, 1990

	Notes	Half year to 30 June 1990	Half year to 30 June 1989	Year to 31 December 1989
		Unaudited £m	Unaudited £m	Audited £m
Turnover	1	1,590	1,124	2,962
Operating profit		198	166	379
Profit before interest		112	92	218
Net interest receivable		3	9	15
Profit before taxation		115	101	233
Profit after taxation		98	87	197
Minority interests		(3)	(2)	(5)
Profit attributable to shareholders		95	85	192
Retained profits		71	63	125
Earnings per ordinary share	3	9.9p	10.1p	21.3p

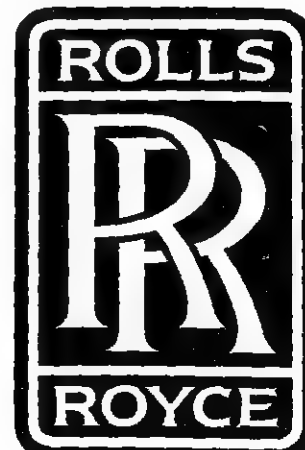
NOTES

	30 June 1990		30 June 1989		31 December 1989	
1. Turnover	£m	%	£m	%	£m	%
Aero Gas Turbines	983	62	847	76	2,054	69
Power Engineering	443	28	216	19	674	23
General Engineering	164	10	61	5	234	8
	<u>1,590</u>	<u>100</u>	<u>1,124</u>	<u>100</u>	<u>2,962</u>	<u>100</u>
Profit Before Interest		% on Turnover		% on Turnover		% on Turnover
	£m		£m		£m	
Aero Gas Turbines	68	6.9	70	8.3	147	7.2
Power Engineering	33	7.4	17	7.9	52	7.7
General Engineering	11	6.7	5	8.2	19	8.1
	<u>112</u>	<u>7.0</u>	<u>92</u>	<u>8.2</u>	<u>218</u>	<u>7.4</u>

2. NEI has been consolidated since 15 May 1989.

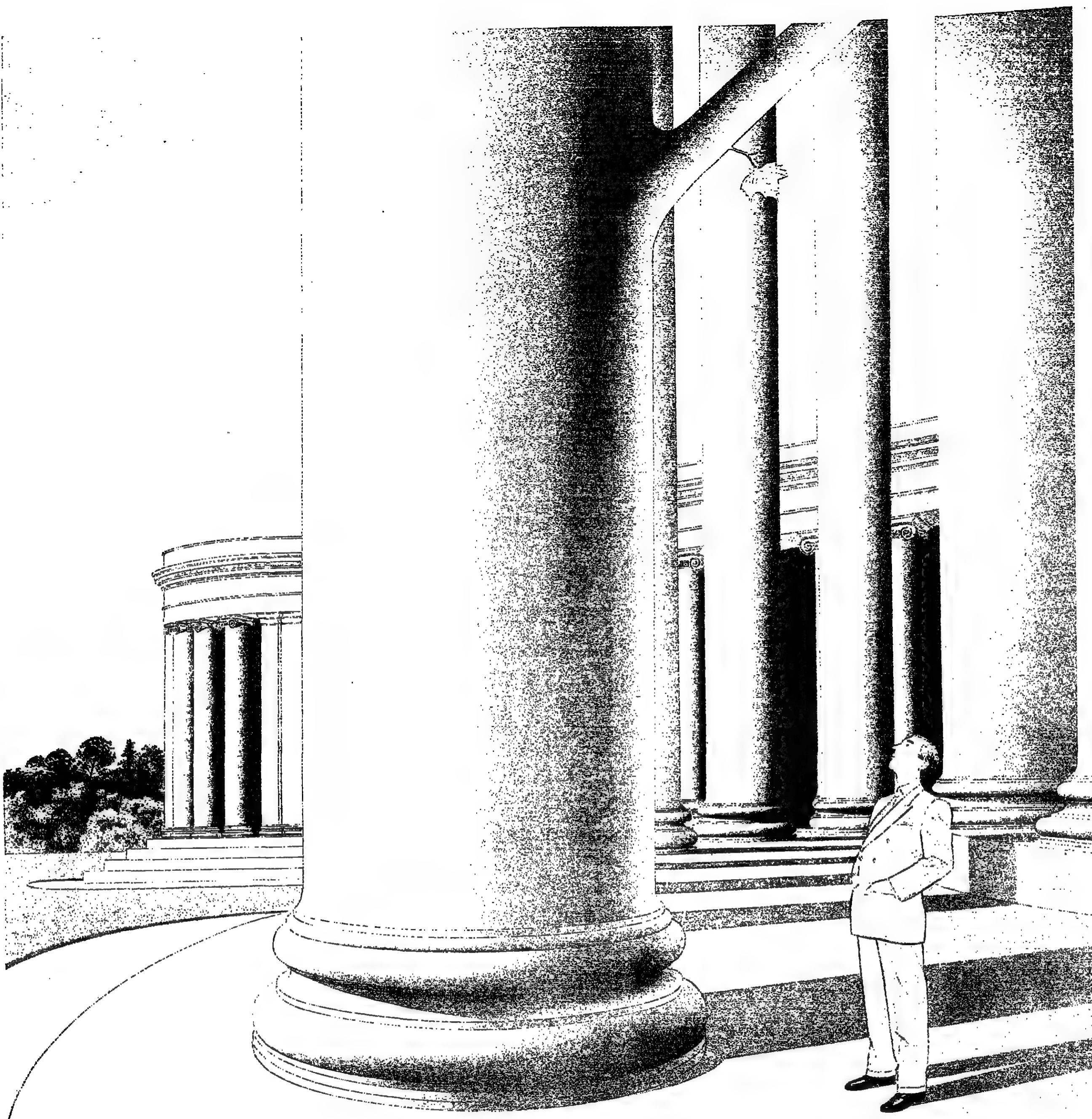
3. Earnings per ordinary share are calculated by dividing the profit attributable to shareholders by the average number of ordinary shares - 960 million (1989 half year 84.2 million, full year 901 million) in issue during the period.

4. The comparative figures for the year to 31 December 1989 have been abridged from the Group's accounts for that year, which received an unqualified auditor's report and which have been delivered to the Registrar of Companies.



POWER THROUGH PERFORMANCE

Rolls-Royce plc, 65 Buckingham Gate, London SW1E 6AT.



R

HOW DO WE EXPLAIN OUR EXTRAORDINARY GROWTH IN FOREIGN EXCHANGE?

Our Foreign Exchange business is on the up and up.

Last year we increased transactions for corporate customers by almost 70% and gained an impressive array of new clients.

And business is continuing to bloom. During the summer we moved into a fully integrated and technologically sophisticated dealing room in the City with over 200 dealing positions.

So what is the formula for our success? We simply provide a comprehensive service that meets all of our customers' needs.

Take, for example, the case of Hepworth PLC.

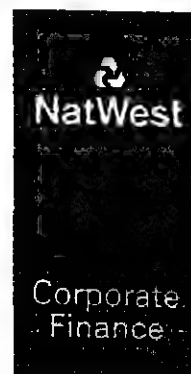
Before the start of business one morning the company placed an "At Best" order with NatWest to buy 725 million Francs against Sterling for the acquisition of a

French company.

To Hepworth's entire satisfaction, we completed the deal before 9.00am.

If you would like to know more about our Foreign Exchange Unit, Theo van Hensbergen on 071-930 5234 will be pleased to put you in touch with one of the team.

Perhaps we can help your business branch out in new directions.

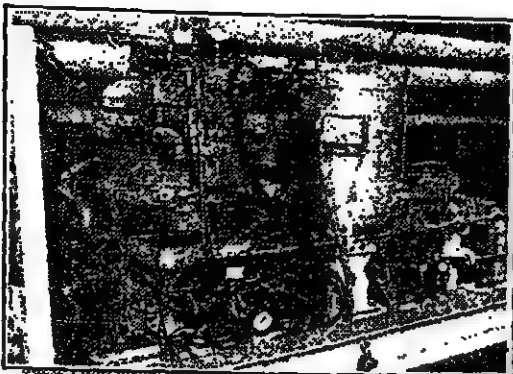


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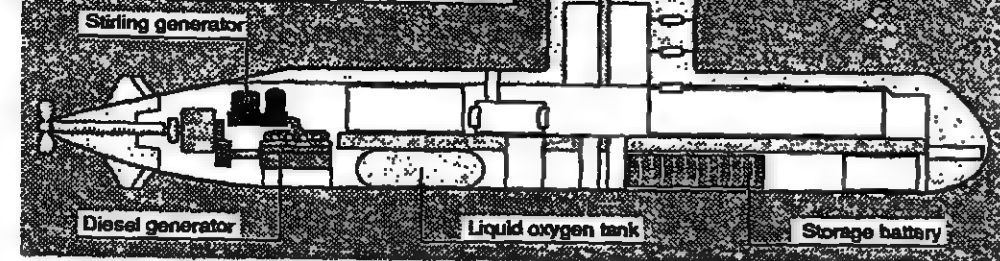
TECHNOLOGY

David Rushby describes how the revolutionary Stirling engine uses energy so efficiently

Making the sky the only limit



Stirling engine generates auxiliary power in a Swedish navy submarine



generation make use of about 38 per cent of their fuel's energy. Unless there is provision to harness the thermal energy generated, the rest is lost through cooling processes and exhaust gases. Using a Stirling engine for generating electricity and thermal energy from a single source, efficiencies in excess of 80 per cent can be achieved.

Typical fuels include alcohol, propane, diesel, coal and agricultural waste. The most environmentally beneficial fuel source is solar energy using a parabolic dish to concentrate sunlight. Solar units incorporate a microcomputer to control tracking, diagnostics, and shutting down the system in an emergency.

Work is being carried out by the Stirling Technology Co (STC) in conjunction with Westinghouse to develop a system capable of delivering 25 kW of electrical power to an electric utility grid. The programme is being funded by the US Department of Energy and is being administered by NASA's Lewis

Research Centre

The prototype system should be operational by 1992 and will have a design life of 30 years. The Department of Energy has projected a cost goal of \$450 a kilowatt, exclusive of the concentrator. STC feels that this is achievable.

Similar research is being undertaken by Cummins Power Generation Inc of Columbus, Indiana, a wholly owned subsidiary of Cummins Engine Co, manufacturers of large diesel engines. Cummins' immediate goal is to develop a 25 kW system which will be marketed worldwide. Ultimately, Cummins has plans for plants producing up to 100 MW.

NASA's involvement in the STC project stems from the characteristics common to power generation for space missions and solar terrestrial power generating systems.

By the early part of the next century NASA predicts that the amount of electrical power required for space exploration will grow immensely. Space platforms will need to have

continuous power of hundreds of kilowatts and some duty cycles will periodically consume many megawatts.

The Lewis Research Centre, NASA's primary power technology centre, has identified the free-piston Stirling power converter as a likely source of energy for future space exploration as a result of the success achieved with a 25 kW Space Power Demonstrator engine (SPDE). Studies indicate that a SPDE coupled to a linear alternator could produce an electrical output of 500 kW per cylinder. Five years ago, to achieve 3 kW from such an engine was a big success.

Apart from its involvement with Stirling Technology, NASA is sponsoring development work by Mechanical Technology Inc on a dynamically balanced SPDE for electrical power generation in space. MTT's power module incorporates two engines connected head to head with a common expansion space to provide dynamic balance.

Forecasts for commercial

applications incorporating Stirling engines range from two to five years, depending on the enthusiasm of the research engineer being asked. Certainly, work is well advanced on power generation and small 4 kW units are operating in India producing electricity. These engines are fuelled by agricultural waste.

According to STC the first big breakthrough is likely to be in commercial refrigeration, where the initial cost disadvantage can be offset by low maintenance and economic running costs. Units should be available in the next two years, followed by domestic refrigeration units within five years.

Experiments using Stirling engines in vehicles are continuing. The US Air Force initiated an evaluation programme which attracted the attention of fleet operators. The engine's multi-fuel capability, low maintenance costs and improved economy with reduced emissions are obvious attractions for such users.

In Europe, development work has concentrated on military applications. Kochums AB, of Sweden, has successfully installed two V4-25FR multi-cylinder units in a fully operational Swedish navy Nacken class submarine to generate auxiliary power.

The combustion system of an underwater Stirling engine operates at a constant pressure of 20-30 bar, independent of diving depth, which allows exhaust gases to be discharged from depths of up to 300 metres while the submarine's batteries are recharged.

This is a considerable advantage for conventional diesel-powered submarines which can only remain submerged for 72 hours before having to surface. The low-speed, endurance of the Nacken was increased from two or three days to two weeks.

Kochums became involved with Stirling engine development when it purchased United Stirling AB in 1987. United Stirling had been working on several multi-cylinder engines for use in vehicles and in terrestrial solar energy conversion systems.

The main development of Stirling engines is likely to remain in military and space applications where the cost of funding research is not a primary consideration. However, the involvement of such companies as Westinghouse and Cummins in the development of these machines for electricity generation indicates the level of interest for commercial application.

Automated plant left to the experts

ONE OF the first commercial joint ventures to result from the UK Government's Alvey programme of collaborative research into advanced information technology was launched this week. British Gas, SD-Solcon and Salford University Business Enterprises have set up a company, Cogsys, to market industrial automation software based on artificial intelligence technology.

The company's first product, also called Cogsys, is an expert system designed to monitor the operations of complex industrial plants and to provide warnings of possible hazards and advice on areas where efficiency could be improved.

Cogsys is the result of several years' research and development, first under the Alvey programme and then under the umbrella of a co-operative club involving 37 large European companies. Prototype systems are running at a CMB Packaging Technology factory making plastic bottles in Wantage and at a synthesis plant in British Gas's Midland Research Station.

The system runs on DEC Microvax computers. It can analyse several thousand external variables (for example, readings from sensors on factory equipment) simultaneously and almost instantaneously. Using artificial intelligence Cogsys can make deductions about the state of the plant which would be beyond the grasp of human operators. In the extreme case of a computerised plant suddenly going out of control, Cogsys could tell the operators what to do to prevent a serious disaster.

The software network unites

DISTRIBUTED computing - with users sharing software across a network of different machines - is expected to be one of the great growth areas of information technology in the 1990s. But users of traditional IBM mainframes still face formidable difficulties in linking these to products from other manufacturers in a "local area network", because the companies use different standards.

A US company, Netwise of Boulder, Colorado, has developed a technology called Remote Procedure Call

that helps to overcome the incompatibility problem. RPC provides programmers with a simple automated mechanism with which software can be written for use in computing environments with hardware from different sources (a typical mixture might include IBM mainframes, DEC minicomputers and both Apple and IBM-compatible personal computers).

RPC makes the programming task much simpler by removing the requirement for programmers to write their own interfaces to link each different system in the network. It has been endorsed by several leading US computer companies including Sun, the workstation manufacturer, and Novell, the network working software developer.

Playing by a new set of trade rules

ONE of the last barriers to the introduction of western-style commercial computing in eastern Europe has disappeared, with the decision this week by the US Department of Commerce to give an unrestricted export licence for the latest version of Unix, the standard computer operating system.

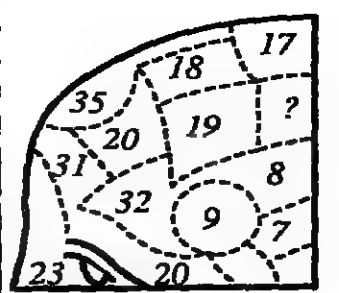
Unix Europe, a subsidiary of AT&T, also says it will no longer have to sell an emulated international version of Unix System V without the password security feature. The same source code will now be available to US and non-US customers.

The company will begin licensing Unix to eastern European countries as soon as it is satisfied they have an adequate legal framework to protect intellectual property and a mechanism for users to pay royalties.

COCOM, the committee of western governments which controls the export of technology to eastern Europe, has relaxed its stance over recent months. For example, it has already approved the export of personal computers based on Intel's 80386 microprocessor as part of a general licence; the supplier no longer has to make a specific case for selling each machine to a designated buyer.

Water jets fly away with paint

LUFTHANSA, the German airline, has found an environmentally harmless way of removing paint from aircraft



WORTH WATCHING

by Clive Cookson

surfaces without chemical strippers, by using water jets. Lymon McLain writes.

Water at 500 times atmospheric pressure is sprayed at an acute angle to the aircraft surface, forcing its way under the paint and removing it. Instead of toxic chemicals, the only residues are paint particles which can be filtered out of the water.

Clean water replaces the 2.5 tonnes of stripping agents such as methylene chloride and phenol that are needed to strip an Airbus A300 airframe. A new DM 165m (£56m) paint hall to use the "aqueous-jetting" process is being built by Lufthansa in Hamburg for completion in 1992.

Young Engineer for Britain

Burnt barbecue sausages led 13-year-old Ben Scammell to the Young Engineer for Britain title this week. His Cookmate invention is an electronic device which indicates when a barbecue is at the correct temperature for cooking.

The Engineering Council, organiser of the competition, says Cookmate, which gives an audible signal and actually speaks a warning when the required temperature is reached, has great potential for a wide range of applications in industry and the home to warn of changes in heat, resistance or speed.

Ben was one of 42 national finalists, aged between 11 and 19, who were selected from 400 youngsters at 11 regional finals staged throughout the country.

Contact: Cogsys UK, 081 746 7804. Netwise UK, 060 444 0000. Lufthansa, 081 567 7711. Lufthansa Germany, 040 35580. Engineering Council UK, 071 940 7781.

Centenary Depository AG

(Incorporated under the laws of Switzerland)

NOTICE TO HOLDERS OF BEATER CENTENARY DEPOSITORY RECEIPTS

PAYMENT OF COUPON NO. 1

With reference to the notice of declaration of dividend advertised in the Press on 15 August 1990, the following information is published for holders of Beater Centenary Depository Receipts.

The dividend of 15 cents per depository receipt was declared in United States currency and will be paid on or after 7 November 1990 against surrender of coupon No. 1 detached from Beater Centenary Depository Receipts as under:-

At the offices of the following continental paying agents:

L'Européenne de Banque
21 rue Laffitte
75008 Paris

Crédit Suisse
Paradeplatz 6
8001 Zurich

Bank International à Luxembourg S.A.
Immeuble L'Indépendance
80 Route d'Esch
L-1550 Luxembourg

Bank of America
100 Fenchurch Street, London EC3P 3HP

Coupons presented to any of the Swiss paying agents related to above will be paid in United States currency. Coupons presented to the other paying agents will, unless the depository receipts payment in United States currency (in which case they must comply with any applicable exchange control regulations), be paid in United Kingdom currency.

a) In respect of coupons lodged on or prior to 31 October 1990 at the United Kingdom currency equivalent of the United States currency value of their dividend on 24 September 1990.

b) In respect of coupons lodged after 31 October 1990 at the prevailing rate of exchange on the day the proceeds are remitted to the Stock Exchange Services Department of Barclays Bank PLC.

Coupons must be left for at least four clear days for examination (eight days if payment in United States currency has been requested) and may be presented any weekday (Saturday excepted between the hours of 10 am and 3 pm).

United Kingdom income tax will be deducted from payments to any persons in the United Kingdom in respect of coupons deposited at the Barclays Bank PLC, Stock Exchange Services Department, 100 Fenchurch Street, London EC3P 3HP, unless such coupons are accompanied by a valid non-residence declaration form, where such declaration is made, the net amount of the dividend will be the United Kingdom currency equivalent of 11.25 US cents per depository receipt.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Agent
G A Wilkinson

Office of the London Agent:
40 Holborn Viaduct, London EC1P 1AJ
12 September 1990

BEST DENKI CO., LTD.

Warrants to subscribe for shares of common stock of Best Denki Co., Ltd. issued in conjunction with issues of:

U.S. \$45,000,000
3% per cent. Guaranteed Notes due 1991
(the "Warrants 1991")

U.S. \$70,000,000
3% per cent. Guaranteed Notes due 1992
(the "Warrants 1992")

and
U.S. \$200,000,000
4% per cent. Notes due 1993
(the "Warrants 1993")

Pursuant to the instruments dated 24th April, 1986 and 19th March, 1987 and the Fiscal and Warrant Agency Agreement dated 20th July, 1988, under which the above Warrants and Warrant Agency Agreement were issued, because of the assistance of new notes with warrants on 14th September, 1990, the Subscription Price of the above Warrants have been adjusted as follows:

Subscription Price before adjustment
Yen 1,380.7
Yen 1,345.8
Yen 1,390.3

Subscription Price after adjustment
Yen 1,305.0
Yen 1,259.3
Yen 1,369.1

Such adjustment took effect on from 14th September, 1990.

Best Denki Co., Ltd.

De Beers Consolidated Mines Limited

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF UNDETERMINED SHARE WARRANTS TO BEARER

REDEMPTION OF COUPON NO. 14

With reference to the notice of declaration of dividend advertised in the Press on 15 August 1990, the following information is published for holders of bearer share warrants to bearer.

The dividend of 25 cents per share was declared in South African currency. South African non-resident shareholders' tax at 11.63% of the gross amount of the dividend is payable in respect of all bearer share warrants coupons bearing a net dividend of 22.52562 cents per share.

The dividend on bearer share warrants will be paid on or after 7 November, 1990 against surrender of coupon No. 14 detached from share warrants to bearer as under:-

L'Européenne de Banque
21 rue Laffitte
75008 Paris

Crédit Suisse
Paradeplatz 6
8001 Zurich

Bank International à Luxembourg S.A.
Immeuble L'Indépendance
80 Route d'Esch
L-1550 Luxembourg

Bank of America
100 Fenchurch Street, London EC3P 3HP

Coupons presented to any of the Swiss paying agents related to above will be paid in United States currency. Coupons presented to the other paying agents will, unless the depository receipts payment in United States currency (in which case they must comply with any applicable exchange control regulations), be paid in United Kingdom currency.

a) In respect of coupons lodged on or prior to 31 October 1990 at the United Kingdom currency equivalent of the United States currency value of their dividend on 24 September 1990.

b) In respect of coupons lodged after 31 October 1990 at the prevailing rate of exchange on the day the proceeds are remitted to the Stock Exchange Services Department of Barclays Bank PLC.

Coupons must be left for at least four clear days for examination (eight days if payment in United States currency has been requested) and may be presented any weekday (Saturday excepted between the hours of 10 am and 3 pm).

United Kingdom income tax will be deducted from payments to any persons in the United Kingdom in respect of coupons deposited at the Barclays Bank PLC, Stock Exchange Services Department, 100 Fenchurch Street, London EC3P 3HP, unless such coupons are accompanied by a valid non-residence declaration form, where such declaration is made, the net amount of the dividend will be the United Kingdom currency equivalent of 19.5 cents per share warrant as set out below.

South African Currency
Coupons Per Share

Amount of dividend declared
25.00000

Less: South African non-resident shareholders' tax at 11.63%
2.47438

Less: U.K. income tax at 11.63% of the gross amount of the dividend of 25 cents
3.02562

19.50000

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Agent
G A Wilkinson

Office of the London Agent:
40 Holborn Viaduct, London EC1P 1AJ
12 September 1990

The Company has been requested by the Commissioners of Inland Revenue to state:

Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 11.63% instead of the basic rate of 25% represents an allowance of credit at the rate of 13.36%.

De Beers

De Beers Consolidated Mines Limited

Notice to the Bondholders

FUJI ELECTRIC CO., LTD.

U.S. \$30,000,000

5-1/2 per cent. Convertible Bonds Due 1996

(the "Bonds")

ADJUSTMENT OF CONVERSION PRICE

Notice is hereby given that the Board of Directors of Fuji Electric Co., Ltd. (the "Company") has passed a resolution authorizing the issuance of \$30,000,000 5-1/2 per cent. Convertible Bonds due 1996 and \$30,000,000 5-1/2 per cent. Bonds due 1994 with Warrants.

As a result of such issuances, the Conversion Price at which Shares are issuable upon Conversion has been adjusted pursuant to the terms and conditions of the Bonds.

The Conversion Price of the Bonds has changed from ¥288.20 per share to ¥284.40 per share. Such adjustment of the Conversion Price has become effective from 8th September, 1990 (Japan Time).

The Industrial Bank of Japan Trust Company on behalf of
FUJI ELECTRIC CO., LTD.

Dated: 14th September, 1990

NORTH OF ENGLAND

The Financial Times proposes to publish this survey on:

Friday, 12th October 1990

For full editorial synopsis and details of available advertisement positions, please contact

Hugh C. Westmacott

Tel: 0532 454969

Fax: 0532 223516

FINANCIAL TIMES
Pernambuco House,
Leeds, LS1 8DF

NOTICE TO THE HOLDERS OF Warrants to Subscribe for Shares of Common Stock of KYUSHU MATSUSHITA ELECTRIC CO., LTD.

Issued in conjunction with U.S. \$160,000,000

2% per cent.

Share with Warrants (the "Warrants")

Pursuant to Clause 2(a) of the Terms and Conditions of the Warrants, and Clause 2 of the Instrument dated 11th August, 1987, notice is hereby given that:

1. On 27th July, 1990 the Board of Directors of the Company resolved to make a Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

2. Accordingly, the subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

3. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

4. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

5. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

6. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

7. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

8. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

9. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

10. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

11. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

12. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

13. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

14. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

15. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

16. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

17. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

18. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

19. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

20. The adjusted subscription price of the Warrants will be adjusted effective as of 1st October, 1990, to the extent of the Free Dividend of shares of its Common Stock to the holders of record of the Warrants on 27th September, 1990, at the rate of 0.1 new share for each one share held.

NOTICE OF REDEMPTION

MORTGAGE FUNDING CORPORATION NO. 3 PLC

Class C-1 Mortgage Backed Floating Rate Notes Due October 2023

Due October 2023

NOTICE IS HEREBY GIVEN TO BANKERS TRUST COMPANY LIMITED (the "Trustee") and to the holders of the Class C-1 Mortgage Backed Floating Rate Notes Due October 2023 (the "Class C-1 Notes") of Mortgage Funding Corporation No. 3 PLC (the "Issuer") that, pursuant to the Trust Deed dated 21st October, 1988 (the "Trust Deed"), between the Issuer and the Trustee, and the Agency Agreement dated 21st October, 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the Redemption provisions set out in the Terms and Conditions of the Class C-1 Notes, the amount of \$1,000,000 will be redeemed on 1st October, 1990 (the "Redemption Date"). The Class C-1 Notes selected for drawing in lots of \$100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

OUTSTANDING CLASS C-1 NOTES OF \$100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW

Beater Notes

41 194 324 467 635 810 925 1062

118 242 372 474

COMMODITIES AND AGRICULTURE

MacSharry tells farmers subsidies may be reduced

By Lucy Kellaway in Strasbourg

BRUSSELS will not tolerate a return to the days of ever mounting agricultural subsidies, Mr Raymond MacSharry, the European Commission's agriculture commissioner, said yesterday.

He warned that unless market conditions improved, farmers would face less generous subsidies next year. However, in the short term the Commission would continue to support the market, buying in meat and dairy produce, he said, and farmers would find their incomes protected.

During a debate in the European Parliament in which British MEPs bewailed the fate of British farmers, Mr MacSharry said the chief cause of the loss was overproduction by Britain and Ireland. Production at this rate was not sustainable either in terms of the market, or of the Community's budget.

Mr MacSharry criticised especially butter producers, who he said were continuing to increase their production, sell-

ing their additional stocks to the community, while at the same time spending heavily on marketing subsidies to butter.

"Companies are producing butter that they know the Commission will buy, so it is not in their interests to market it," he said.

While he spoke, farmers clashed with 1,000 riot police in Nevers, the home town of Mr Pierre Bérégovoy, the Finance Minister. Officials said eight police were injured while dispersing 8,000 protesters.

Mr MacSharry disputed the farmers' contention that large imports from East Europe were making the position worse. Were this the case, prices would have fallen most sharply in West Germany.

Mr MacSharry, who will meet French and British farmers in Brussels today, said that lamb farmers had had their income fully protected through the lamb premium, and that although British and Irish farmers had faced a shortfall, it was a modest one.

Canada due to start first offshore oil projects

By Bernard Simon in Toronto

CONSTRUCTION of Canada's first two offshore oil projects is expected to start within weeks following the conclusion of financing and production arrangements for the Hibernia field off Newfoundland, and Nova Scotia's smaller Collier and Fanta fields.

The go-ahead for the C\$5.1bn (\$5.92bn) Hibernia project will be announced in St John's, Newfoundland today by the federal and provincial governments, and a consortium of foreign oil companies led by Mobil Oil.

The other participants are Gulf Canada, Chevron and state-owned Petro-Canada. Hibernia, which is located about 310 kilometres south east of St John's, is expected to start production in 1996 at a rate of 110,000 barrels a day. Its recoverable reserves are estimated at almost 900 million barrels, giving the field a life of about 18 years.

The federal government will provide up to C\$1bn in grants and C\$1.7bn in loan guarantees in support of the Hibernia project.

In addition, Newfoundland has offered numerous financial incentives, including cuts in provincial sales taxes on construction materials. Development of Hibernia will give a much-needed fillip to the economy of Newfoundland, Canada's poorest province.

The concrete base as well as one of five modules for the production platform will be built locally. A substantial amount of other work will be reserved for Canadian suppliers.

Meanwhile, Amoco, the US oil company, has reached an agreement with the Soviet Gas Concern that could lead to development of gas resources in the Soviet Union, writes Steven Butler. Amoco said yesterday that it would study the feasibility of developing several fields in Western Siberia jointly with Soviet organisations.

An agreement spelled out the terms of an eventual joint venture.

Codelco seeks joint copper mine ventures

By Leslie Crawford in Santiago

CODELCO, the state-owned Chilean copper corporation, is lobbying for a law that would allow it to establish joint mining ventures with private-sector companies or sell ore bodies it cannot exploit.

It is currently barred from doing both these things by Chile's 1980 constitution, drafted under military rule.

Codelco's new management, appointed by the civilian government that took office in March, wants to shake off these legal restrictions in order to transform the world's biggest copper producer into a modern, competitive company.

Mr Alejandro Noemi, Codelco's chief executive, told Congress last week that he was seeking a law that would allow Codelco to "sell, rent or form joint ventures with domestic or foreign partners."

Mr Noemi made it clear that Codelco would continue to run its four divisions, Chuquibambilla, El Teniente, Salvador and Andina.

However, there were other ore bodies which remained untapped because Codelco lacked the resources to develop them on its own.

Codelco presented a draft bill to the Mining Ministry this week and the law is expected to make its way to Congress in October.

Mr Juan Hamilton, the Mining Minister, believes Codelco needs more flexible rules to allow it to diversify and expand.

He is already planning to give the four divisions more autonomy in running their affairs. At present, all investment plans have to be approved first by Codelco's

board in Santiago, and then by the mining and finance ministries. This bureaucratic logjam delays important decisions and frustrates management at the mines.

Top of Codelco's list for potential joint ventures is its El Abra copper deposit, which lies 50km north east of Chuquibambilla.

El Abra has 500m tonnes of proven reserves, with an ore grade of 1 per cent. Codelco estimates about \$250m would be needed to develop the open-pit mine, which could produce 150,000 tonnes of fine copper a year.

Pampa Norte, only 8km north of Chuquibambilla, bears similar characteristics to El Abra and would require another \$250m to develop. However, because of its proximity to Codel-

co's biggest division, the company is considering exploiting the ore body on its own.

On a much smaller scale, Codelco also owns the Altamira deposit north of the Salvador division in the Third Region. Altamira has only 8m tonnes of proven reserves, but its high ore grade of 1.7 per cent makes it an attractive project. Codelco estimates the mine could enter into production with an investment of about \$20m. This is one of the deposits Codelco would like to sell.

Codelco's proposed legislation is expected to sail through Congress.

Chile's right-wing opposition has already spoken favourably of such an initiative, and the last Bank of President Patricio Aylwin's 13-party coalition has no objections.

New Chilean smelting complex considered

By Leslie Crawford

SIX OF the world's largest mining companies are studying the possibility of building a new copper smelting and refining complex in Chile.

They are Codelco, the Chilean state-owned copper corporation, BHP of Australia, Britain's Rio Tinto Zinc, Shell Oil, Anglo American of South Africa and Outokumpu of Finland.

A feasibility study for the \$450m complex, which would refine 640,000 tonnes of copper concentrates a year, was completed this month. The partners have given themselves until the end of the year to decide whether to go ahead. The next step involves choosing the technology, location and financing options.

The project was prompted by the many copper mines which are due to begin production in Chile over the next five years. The country's six refineries, which are old and plagued with problems, cannot process all the copper mined. They have a joint capacity of 1.1m tonnes of fine copper per year, and in 1989, 30 per cent of

Chile's 1.6m-tonne output had to be sold to foreign smelters in the form of copper concentrates.

By 1995, Codelco estimates Chile will be producing 1m tonnes more fine copper than the country can process.

The Chilean government, which owns Codelco, is keen to reduce its dependence on foreign smelters. Tolling charges have doubled with the high prices of copper in the last two years, and this has reduced Codelco's profits. The concentrates market is dominated by Japanese smelters, which own more than half of the world's processing capacity, and Chile feels vulnerable in the face of their purchasing power.

The price of concentrates, which contain 30 per cent copper, fluctuates more widely than that of refined copper, which is traded on the London Metal Exchange.

This year, Codelco "postponed" negotiations with foreign smelters, mostly Japanese, in an effort to bid down refining charges. The strategy worked, aided by forecasts of a

large shortfall in the availability of concentrates next year, and the smelters dropped their charges from 25 cents per lb to 15 cents per lb.

The other companies involved in the new refinery project also have big copper concerns in Chile.

BHP and RTZ are the main owners of La Escondida, which will be Chile's biggest private copper mine when it comes on stream in December. Most of La Escondida's planned annual production of 300,000 tonnes is already tied up for delivery to smelters in Japan and Europe, but the mine could easily increase its output.

The other main owner of La Escondida, a consortium of Japanese smelters led by Mitsubishi, is not interested in backing a refinery in Chile. A spokesman for Mitsubishi in Santiago said the company planned to build a smelter in Texas. It was waiting for the necessary environmental permits to proceed.

Outokumpu is investing heavily in Chile and has bought rights to the Zaldívar

copper deposit near La Escondida. Shell is developing a copper and silver project in the far north. Anglo-American owns the Mantos Blancos mine outside Antofagasta.

The talks between these six heavyweights were well advanced when Enami, the Chilean state smelting and refining company, decided to launch a rival plan. Enami and three foreign companies, including Lac Minerals of Canada, signed an agreement in August to carry out a feasibility study for a new smelting complex to be sited in the north of Chile.

Enami, which already operates two industrial smelters in Chile, says its project would cater for small and medium-sized copper mines such as Lac Minerals's Compania Minera San Jose.

The emergence of a rival plan has embarrassed Mr Juan Hamilton, the Chilean Mining Minister, who has said that there is no room for two new copper refineries. He is trying to persuade both groups to join forces in one unified project.

Milk hormone licence refused

By Bridget Bloom, Agriculture Correspondent

THE chequered fortunes of the milk yield-boosting hormone, bovine somatotropin (BST), received a further blow yesterday when the British scientific committee responsible for approving veterinary medicines refused to license a new BST product from the US Monsanto Corporation.

The committee is also understood provisionally to have refused a licence for a second BST product from the other major US manufacturer, the Eli Lilly Company.

BST is one of the most controversial of the new products derived from the gene-splicing techniques of biotechnology. The two US companies, which are leaders in the field, are thought to have spent well over \$250m a year over the last few years on research into

such techniques, much of it on BST.

The companies have applied for BST licences in France, Italy and the UK as well as in the US, so far without success. An effective ban on the use of BST in the EC is in operation, although the UK is the first member state to refuse a national licence.

Yesterday's decision, announced by the UK Veterinary Products Committee (VPC) which advises the government on the safety, quality and efficacy of veterinary medicines, was heralded a month ago and confirmed yesterday. It is probable that the decision on the Eli Lilly product will be similarly confirmed later.

The VPC said that while it was satisfied on the human safety aspect of the new hor-

mons, it had reservations on "some pharmaceutical aspects of the product (and) with aspects of the safety of treated animals."

Mr Robert S Deakin, director of Monsanto's animal sciences division in Europe, said yesterday that the company would appeal against the decision. However, because it is not expecting to receive details of the VPC's objections until early October, this may take time.

Mr Deakin said that Monsanto, whose trials of BST in the UK are now in their fifth year, was confident that it could satisfy the VPC. "This product is the first of a new generation and it is entirely appropriate that it is subjected to the most rigorous evaluation for licence," he said.

Prices for grain futures tumble

By Barbara Durr in Chicago

GRAIN futures prices fell across the board yesterday after a production report by the US Department of Agriculture that said wheat and maize would have record yields this year.

The USDA estimated on Wednesday that the 1990 harvest of maize, the most important American grain crop, would rise an unexpected 3 per cent to 8.13bn bushels. Maize yields were projected at a record 121.7 bushels per acre, four bushels greater than had

been estimated last month.

The report drove down maize futures prices on Thursday morning at the Chicago Board of Trade (CBOT) by more than 6.25 cents for the September contract and 8.75 cents for the December contract. Analysts predicted that maize futures could go substantially lower in the days to come.

The estimated production of wheat, which already was expected to be a bumper crop, rose a further 2 per cent to 2.76bn from the USDA's

August report. Wheat futures, which are priced in relation to corn because both are feed grains, dropped 5.5 cents in mid-morning trading.

Soyabean futures joined the grain parade downward with a decline of about 4 cents despite a USDA crop forecast of 1.82bn bushels which was essentially the same as last month.

The production report showed a record 1.82bn bushels of excellent growing conditions this summer in the Midwest's grain belt.

Correction

THE third column in the table giving figures for Soviet oil exports to eastern Europe on yesterday's page should have been headed "Total exports," and not "Total shortfalls." Owing to a transcription error, the figure for exports to Hungary was incorrectly stated as 0.008. It should have read 8.008. Czecho-slovak total oil imports for 1989 were nearly 20m tonnes, and not 200m tonnes, as stated in the story.

Cuban nickel decision will hit Soviet Union

By Tim Coone in Havana

CUBA's decision to shut down its newest nickel production facilities earlier this month as part of an emergency energy-saving programme will cause a major disruption in supplies of the metal to the Soviet Union, its principal customer.

The Ernesto Che Guevara plant, at Punta Gorda near Moscow, has a potential output of 30,000 tonnes per annum of nickel, nickel oxide, but was closed indefinitely early in September to conserve Cuba's oil stocks which have sharply diminished because of a Soviet decision to reduce supplies.

The plant, which has suffered long construction delays, is only beginning producing significant quantities of nickel since 1988. This year it was scheduled to supply 17,000 tonnes to the USSR but its surprise closure will leave the Soviets with a shortfall of about 5,000 to 8,000 tonnes for the year, forcing them to look for supplies elsewhere.

According to one Cuban official, most of the plant's 4,000 workers have already been laid off and transferred to nearby agricultural projects. A shadow has also been cast over

the future of another 30,000 tonnes-per-annum plant under construction at Camarioca with Soviet finance and assistance, and which uses the same technology as the Ernesto Che Guevara plant.

Both plants use an ammonium carbonate leaching process, which is considered to be the most appropriate for separating nickel from iron in the laterite ores which are found in Cuba.

Drying the ore and the leached sediments however, requires about 15 tonnes of fuel oil for every tonnes of nickel

produced, making it a major industrial consumer of Cuba's increasingly scarce oil supplies.

Production is unlikely to resume until Cuba and Soviet Union have sorted out their future trade relations, which as of next year will be based on free market prices.

The Soviet Union supplies Cuba with 85 per cent of its annual oil import requirement of 13m tonnes. However, in the first eight months of the year it reduced supplies by 2m tonnes because of its own domestic economic problems.

MARKET REPORT

Aluminium resumed its bull trend on the LME yesterday, closing at \$2.12, the highest level since the end of May last year. In the afternoon the market absorbed profit taking and found support on any dip in prices after rising in the morning on Far East buying, trade short covering and speculative demand. The prospect of a fall in LME stocks over the coming weeks as metal is shipped to Iran and the Far East, coupled with technical tightness caused by a build-up in call option open positions from October through to March, appeared to be the main factors behind the firmness. In contrast copper prices closed

lower, reflecting an easing in September demand. Current high premiums have attracted physical metal into warehouses, dealers said. "I'm not surprised about the slide," said one trader. "The fundamentals don't warrant these (higher) prices." Nickel was under pressure following news of a tentative settlement in Inco's Thompson facilities, with the current labour contract expiring at the weekend. London cocoa prices advanced on market talk of possible problems with financing Ivorian cocoa shipments, traders said.

Compiled from Reuters

London Markets

SPOT MARKETS
Crude oil (per barrel FOB) +0.02
Dated \$27.40-7.50w +7.50
Brent Blend \$29.50-0.50w +7.50
WTI (11 m est) \$31.25-1.50w +8.00
Oil (NWE prompt delivery per tonne CIF) +0.02
Premium Gasoline \$417-412 +3.2
Gas Oil \$265-267 +6.2
Heavy Fuel Oil \$108-110
Naphtha \$207-210
Petroleum Argol Estimate +8
Other +0.02
Gold (per troy oz) \$383.75 +2.25
Silver (per troy oz) 462.00 +0.20
Platinum (per troy oz) \$457.00 +0.25
Palladium (per troy oz) \$105.25 +0.25
Aluminium (3m market) \$2145 +0.70
Copper (3m market) 140.25c -1.75
Lead (3m market) 160.00c
Nickel (3m market) 160.00c
Tin (Kuala Lumpur market) 15.24c
Tin (New York) 27.05c
Zinc (3m market) 111.00c
Cattle (live weight) 104.80p -0.42
Sheep (dressed weight) 133.80p -10.1
Pigs (live weight) 81.84p +4.08
London daily average (raw) \$283.54
London daily average (refined) \$283.54
Tate and Lyle export price \$283.54
Barley (English feed) \$114.20
Maize (US No. 3 yellow) \$148w
Wheat (US Dark Northern) \$184.25
Rubber (Oct) 53.25p +0.25
Rubber (Nov) 53.50p +0.25
Rubber (Dec) 53.75p +0.25
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Cocoa (US No. 1 Jul) \$242.00 +0.50
Cocoa (US No. 1 Aug) \$242.00 +0.50
Cocoa (US No. 1 Sep) \$242.00 +0.50
Cocoa (US No. 1 Oct) \$242.00 +0.50
Cocoa (US No. 1 Nov) \$242.00 +0.50
Cocoa (US No. 1 Dec) \$242.00 +0.50
Cocoa (US No. 1 Jan) \$242.00 +0.50
Cocoa (US No. 1 Feb) \$242.00 +0.50
Cocoa (US No. 1 Mar) \$242.00 +0.50
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Cocoa (US No. 1 Oct) \$242.00 +0.50
Cocoa (US No. 1 Nov) \$242.00 +0.50
Cocoa (US No. 1 Dec) \$242.00 +0.50
Cocoa (US No. 1 Jan) \$242.

LONDON STOCK EXCHANGE

Company news again unsettles shares

THE FRAGILE confidence of the UK stock market was jolted again yesterday by another round of depressing news on the corporate front, including the disclosure that the UK Ministry of Defence has asked one of its major suppliers to consider postponing delivery of some vehicle contracts.

The downward screw was tightened further towards the close when Wall Street slipped lower in early trading as Mr Alan Greenspan, the head of the Federal Reserve Board, addressed the Senate Banking Committee.

Although trading volume was still unexciting, traders reported some institutional

Account	Dealing	Date
World	Dealing	Aug 20
World	Dealing	Sep 10
World	Dealing	Sep 20
World	Dealing	Sep 30
World	Dealing	Oct 10
World	Dealing	Oct 20
World	Dealing	Oct 30
World	Dealing	Nov 10
World	Dealing	Nov 20
World	Dealing	Nov 30
World	Dealing	Dec 10
World	Dealing	Dec 20
World	Dealing	Dec 30

activity, mostly on the sell side. After opening steadily helped by firmness on Wall Street overnight, UK shares began to react, first to gains in crude oil prices and then to disappointing profits news from yet more of the big names of UK industry and commerce.

In the building and construction

industry, John Laing dealt a further blow by reporting interim profits substantially below market hopes and warning on the dividend outlook. The market's gloom deepened after Rolls-Royce, the aero-engine group, similarly disappointed City analysts with lower profits than expected.

The brokerage analysts returned from meeting the Rolls-Royce board in even less optimistic mood and downgraded forecasts for Rolls' year-end profits.

Pessimism over the trend of UK company profits has deepened in the market this week, with broker downgrades ranging from the leisure and consumer

sectors, where analysts warn of falling domestic spending, through the hard hit building and construction industries, and to the broad range of manufacturing industry, which faces both currency and interest rate pressures.

However, shares steadied briefly behind a firm UK bond market as the latest unemployment statistics indicated a continued economic tightening which could speed interest rate cuts, and at mid-session the FT-SE index down 10.9, was above its earlier level.

But London's nervousness was reflected in its sharp reaction to an early fall on Wall Street, and the loss on the

Footsie was quickly extended to just over 16 points in late dealings, before the index steadied to close at 2,127.1, a loss of 15.2 on the day.

Uncertainties over the outlook for defence spending, brushed off to some extent since the developments in the Gulf, were reignited by an announcement from GKN, the engineering group, that the UK Defence Ministry has asked it to discuss rescheduling deliveries of Warrior combat tanks, currently due between 1990-92, to later years. Some other defence issues also caused as analysts began to consider the implications of the Ministry's apparent change of strategy.

FINANCIAL TIMES STOCK INDICES									
	Sept 13	Sept 12	Sept 11	Sept 10	Sept 9	Sept 8	Sept 7	Sept 6	Sept 5
Government Stock	79.55	78.61	78.52	78.27	78.07	78.04	78.04	78.04	78.04
Financial Index	87.15	86.63	86.47	86.33	86.30	86.31	86.31	86.31	86.31
Ordinary Share	1032.9	1043.3	1051.0	1055.1	1058.5	1065.8	1068.3	1064.2	1068.6
Gold Mining	162.9	161.2	161.4	161.4	161.4	161.4	161.4	161.4	161.4
FT-SE 100 Share	2127.1	2142.3	2147.0	2122.8	2082.0	2063.7	2075.0	2063.7	2063.7
Ord. Div. Yield	5.81	5.76	5.73	5.70	5.70	5.70	5.70	5.70	5.70
Earning Yield % (all)	12.27	12.17	12.08	12.10	12.30	12.30	12.30	12.30	12.30
P/E Ratio (all)	9.88	9.88	10.03	10.00	9.87	9.87	9.87	9.87	9.87
SEAC Shares 4-Adm	15,584	15,781	15,720	15,720	15,720	15,720	15,720	15,720	15,720
Equity Turnover (all)	17,774	15,791	15,533	15,533	15,533	15,533	15,533	15,533	15,533
Equity Bargain	348.4	298.5	298.5	298.5	298.5	298.5	298.5	298.5	298.5
Shares Traded (m)	17,774	15,791	15,533	15,533	15,533	15,533	15,533	15,533	15,533

QILY EDGED ACTIVITY									
	Sept 13	Sept 12	Sept 11	Sept 10	Sept 9	Sept 8	Sept 7	Sept 6	Sept 5
Qil Edged Bargains	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
5-Day average	81.8	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7

TRADING VOLUME IN MAJOR STOCKS									
	Sept 13	Sept 12	Sept 11	Sept 10	Sept 9	Sept 8	Sept 7	Sept 6	Sept 5
British	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
American	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Japanese	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
German	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
French	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Italian	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Spanish	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Portuguese	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Greek	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Turkish	1,200	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100

Rolls-Royce upset by figures

ANALYSTS sharply downgraded their forecasts for Rolls-Royce following lower than expected half-year results of £115m. The shares were hit hard in heavy early trading. Turnover totalled 14m shares and the price ended 17½ down at 180½p.

Mr Ed Wright, of BZW, reduced his pre-tax profits forecast for the full year by £10m to £260m, as did County NatWest and S.G. Warburg cut its estimate for the year from £271m to £260m. However, Hoare Govett, broker to Rolls-Royce, had previously taken a more cautious line and maintained its earlier £260m prediction.

Gloom from the figures increased after the company's morning meeting with analysts, when it was revealed that because of increased accounting procedures the profit was £14m up on what it would have been. The main areas of disappointment were in the aero-gas turbines sector, which saw profits of £68m down from £70m - and in interest receipts of £2m down from £3m.

County NatWest said a strike last year cost Rolls-Royce around £50m, but there was confidence that the next six months would offset the damage and there was optimism over orders from foreign airlines.

Another casualty

John Laing was added to the over-growing list of companies in the building and contracting area of the market to report much worse results than expected.

Shares in the north London-based housebuilder fell sharply as the company revealed interim pre-tax profits down some 63 per cent at £7.8m, compared with £21.2m previously. Specialists said the company had written down the value of its land bank, probably by some £2m to £5m. Last week George Wimpey, another of the UK's biggest housebuilders, reported half-time profits down 72 per cent.

Analysts had been expecting the company to report interim pre-tax profits in the range of £11m to £15m and were shocked by the published result. Dealers marked falling shares down by some 15p on hearing the figures, but this failed to stem a steady flow of selling orders which left the "A" stock 30p down on the session at 210p.

After the figures Salomon

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)

Sept 13

Sept 12

Sept 11

Sept 10

Sept 9

Sept 8

Sept 7

Sept 6

Sept 5

Sept 4

Sept 3

Sept 2

Sept 1

Aug 31

Aug 30

Aug 29

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LONDON SHARE SERVICE

BANKS, HP & LEASING

1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	9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34th Unit 10p	1.3%	1.4%	29.3%
35th Unit 10p	1.3%	1.4%	29.3%
36th Unit 10p	1.3%	1.4%	29.3%
37th Unit 10p	1.3%	1.4%	29.3%
38th Unit 10p	1.3%	1.4%	29.3%
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93rd Unit 10p	1.3%	1.4%	29.3%
94th Unit 10p	1.3%	1.4%	29.3%
95th Unit 10p	1.3%	1.4%	29.3%
96th Unit 10p	1.3%	1.4%	29.3%
97th Unit 10p	1.3%	1.4%	29.3%
98th Unit 10p	1.3%	1.4%	29.3%
99th Unit 10p	1.3%	1.4%	29.3%
100th Unit 10p	1.3%	1.4%	29.3%

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REGIONAL & IRISH STOCKS
 Following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

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Abbey Unit Test Mine 00001H

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● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

Continued on next page

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Greenspan rate hint hits dollar

HINTS OF lower interest rates depressed the US and Canadian dollars yesterday. Sterling was steady for most of the day but slipped against the D-Mark in late trading, ahead of today's news on UK inflation.

The US dollar weakened after Mr Alan Greenspan, chairman of the Federal Reserve Board, told a Congressional banking committee that interest rates will fall if a credible agreement to cut the Federal budget deficit is struck. He said rates will fall as long as markets perceive the agreement as real and not just a goal. He added that the Fed was likely to ease its monetary stance to accommodate changes in the marketplace.

Other comments by Mr Greenspan also tended to weigh on the dollar. He told the committee that there are "too many problems" in the banking system and that these have grown as banks have experienced a deterioration in the quality of their loan portfolios.

At the London close the dollar was around the bottom of the day's range. It had been firmer before Mr Greenspan's comments, opening in New York at DM1.5925, but then fell under technical support at DM1.5830 and closed in London at DM1.5745 compared with

DM1.5875 on Wednesday. The dollar also declined to Y137.30 from Y137.65; to SF1.3125 from SF1.3225; and to FF5.2725 from FF5.3175. On Bank of England figures its index rose to 63.3 from 63.2.

The Canadian dollar was hit by selling after Mr John Crow, governor of the Bank of Canada, hinted at an easing of monetary policy. He said that demand in the economy has eased and as "pressures on inflation have become less intense there has been scope for easier monetary conditions." In London the US dollar rose to C\$1.040 from C\$1.0325. Sterling improved against the weak dollar, but lost ground to the D-Mark and other members of the European Monetary System. A rise of 23.30 in August UK unemployment was higher than most forecasts, while an unchanged rise of 10 per cent in July average earnings was

in line with expectations. The data had little impact on the pound however as dealers waited for more news on the British economy today. The most important figures are likely to be on retail prices. Year-on-year inflation was just below 10 per cent in July, but high oil prices are expected to have pushed the rate into double figures in August.

Sterling rose 1.30 cents to Y137.75 and climbed to Y257.75 from Y256.75. It was unchanged at SF2.4650 but fell to FF5.9000 from FF5.9150. The pound's index closed unchanged at 93.7.

The Japanese yen was hit by profit-taking after its recent strong advance. The D-Mark rose to Y37.20 from Y36.70, but dealers in Tokyo suggested that corporate demand for the yen, at the financial half-year, is unlikely to peak until next week.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Rate	% change	% change	Difference
			from	from	
			10.00	10.00	
Belgian Franc	42.3679	42.3679	+0.53	+0.17	+0.36
Dutch Guilder	7.8945	7.8945	+0.09	+0.29	+0.20
French Franc	6.5596	6.5596	+0.07	+0.35	+0.28
Italian Lira	1.366	1.366	+0.07	+0.35	+0.28
Spanish Peseta	166.639	166.639	+0.07	+0.35	+0.28
Portuguese Escudo	200.482	200.482	+0.07	+0.35	+0.28
Irish Punt	7.8756	7.8756	+0.07	+0.35	+0.28
German Mark	1.00	1.00	0.00	0.00	0.00

Change are for 100 units of local currency against the US dollar. Percentages are for 100 units of local currency against the US dollar.

Source: Reuters. Data as at 10.00 a.m. on September 14, 1990.

Forward premium and discount apply to the US dollar.

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FINANCIAL FUTURES AND OPTIONS

LIFT LONG GILT FUTURES OPTIONS

Strike	Call	Put	Call	Put
Price	Price	Price	Price	Price
90	1.00	0.00	0.00	0.00
91	1.00	0.00	0.00	0.00
92	1.00	0.00	0.00	0.00
93	1.00	0.00	0.00	0.00
94	1.00	0.00	0.00	0.00
95	1.00	0.00	0.00	0.00
96	1.00	0.00	0.00	0.00
97	1.00	0.00	0.00	0.00
98	1.00	0.00	0.00	0.00
99	1.00	0.00	0.00	0.00
100	1.00	0.00	0.00	0.00

Estimated volume total, Calls 275 Puts 1450
Previous day's open int. Calls 1270 Puts 1220

LIFT EUROSTOCK FUTURES OPTIONS

Strike	Call	Put	Call	Put
Price	Price	Price	Price	Price
90	1.00	0.00	0.00	0.00
91	1.00	0.00	0.00	0.00
92	1.00	0.00	0.00	0.00
93	1.00	0.00	0.00	0.00
94	1.00	0.00	0.00	0.00
95	1.00	0.00	0.00	0.00
96	1.00	0.00	0.00	0.00
97	1.00	0.00	0.00	0.00
98	1.00	0.00	0.00	0.00
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99	1.00	0.00	0.00	0.00
100	1.00	0.00	0.00	0.00

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UNITED STATES	608.04	610.88	613.49	612.63	1289.82 (14/1)	1467.39 (23/10)
Canada Corp. Ex. (1/1/80)						
SPAIN	235.95	240.51	242.41	246.27	329.74 (16/7)	234.79 (23/10)
Madrid SE (10/12/89)						
SWITZERLAND	1132.1	1131.2	1133.5	1135.9	1329.9 (9/7)	1086.4 (23/10)
Zurich SE (12/2/87)						
NETHERLANDS	467.7	461.2	464.5	467.3	648.5 (13/7)	656.4 (23/10)
Amsterdam SE (12/12/89)						
Weighted Price COMBINED	3520.11	3434.72	3361.91	3487.98	12495.34 (10/2)	1135.56 (24/10)
FINLAND						
Helsinki SE (10/4/78)	793.99	804.46	808.16	839.82	1142.78 (25/7)	1093.81 (23/10)
WORLD						
U.S. Capital Int. (1/1/70)	61	472.4	464.3	462.7	571.9 (14/1)	448.3 (24/10)

* Saturday September 8: Tel Aviv Weighted Price: 61; Korea Corp. Ex. 613.57
 † Subject to official restrictions.
 ‡ April 8: Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX - 1,000; JSE Gold - 255.7; JSE 26
 ††† September - 254.3 and Australia All Ordinary and Mining - 302; ICI Closed, ICI Unavailable.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 45

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NYSE COMPOSITE PRICES

[illegible]**NASDAQ NATIONAL MARKET**

3pm prices September 13

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AMEX COMPOSITE PRICES

3am prices

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FINANCIAL TIMES

SUBJECT'S BUSINESS INFORMATION

HOLIDAY COMPANIES!

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AMERICA

Oil price rise and budget uncertainty depress Dow

Wall Street

ANOTHER rise in crude oil prices, uncertainty about budget negotiations and today's producer price release, and a poor showing by commercial bank stocks kept equities on the defensive yesterday, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average was 2128.46, down 10.14 points from 2138.60 on Thursday. The volume of 30m shares. The Dow added 13.12 points to close at 2,128.46 on Wednesday. Other indices were also a little lower yesterday, with the Standard & Poor's 500 index quoted 0.83 down at 321.71 at mid-session.

There was little fresh news on the Middle East front, and budget negotiations are expected to continue at least until the weekend. In the absence of much else, the equity market tended to watch crude oil prices, although these gave no clear sense of direction either. In early trading, October futures were quoted about 38 cents higher but by mid-session had slipped back to stand 5 cents lower at \$30.92 a barrel.

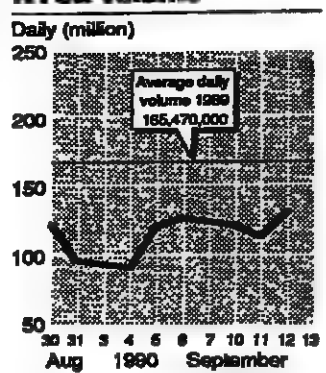
Commercial bank stocks lent a negative tone to the market in reaction to this week's evident troubles at Chase Manhattan. Earlier this week, Chase attracted little interest at an auction of its bonds, which means that it will pay a little more than 13 per cent interest on \$300m in borrowing for the next two years.

These developments at Chase clearly reflect investor concern about the health of the banking industry. Bank stocks,

many of which are already trading at their lowest level for eight years, were hit again yesterday. Chase fell 3% to \$18.74, Citicorp dropped 3% to \$17.74, Manufacturers Hanover dropped 3% to \$25.34 and Chemical Banking Corp edged 1% lower to \$20.74.

Virtually ignored by the equity market were statements by Mr Alan Greenspan, chairman of the Federal Reserve, suggesting that the central bank may be close to easing

NYSE volume



policy. He said that banks had become unnecessarily restrictive in their lending practices and that a budget accord regarded as credible by the markets could provide the trigger for easier policy.

Two impediments to an easing move may be the weakness of the dollar yesterday on speculation of lower interest rates, and today's producer price release for August which will reflect a surge in energy prices

last month. Airline stocks were featured after Delta's announcement that it is raising fares by 4.5 per cent in response to rising fuel costs. Delta was unchanged at \$65.4, but AMR dipped 3% to \$43.3 and USAir Group fell 3% to \$17.4.

Among other featured issues was Corroon & Black, which fell 3% to \$96.4 having jumped 5% on Wednesday on news of a \$40-a-share bid from Aon Corp. The UK's Willis Faber, which has agreed to a stock swap offer, said that it would stick by its offer. Aon fell 1% to \$31.4.

Fleet-Norstar Financial dropped 3% to \$13.4 after telling analysts that it expected to report that non-performing assets rose 10 per cent in the third quarter from their level in the second quarter.

There were expectations that the bank of Canada would lower its interest rates yesterday, after the Bank of Montreal said that it would cut its prime rate by 0.25 points to 13.75 per cent from today.

Canadian Pacific rose 3% to \$38.18 after it said that it intended to buy back \$1.46m of its own shares. Alcan gained 3% to \$28.57, after making strong gains Wednesday, an analyst has upgraded the aluminium sector to attractive.

At the moment, traders are hoping that Mr Raul Gardini of Montedison really intends to sell his company's 50 per cent stake in Enimont to ENI, which is currently deciding what price it will offer. On that basis, Enimont was quoted at \$1.240 after hours, \$4 up from Wednesday's close, and Montedison rose \$1 to \$1.420.

Meanwhile, Fiat was rising \$1.55 on the day to \$6.53, including \$1.50 after hours, on its agreement to acquire 60 per cent of Enasa, the Spanish truck maker. Mr John Longhurst, international motor industry analyst with James Capel, commented that the acquisition only added 3 per cent to Fiat's sales, implied very mild earnings dilution, and provided little platform for the shares. Capel reckoned that Fiat's sales volume was easing slightly, and that its margins were coming under increasing pressure.

The Comit rose 5.00 to \$17.34. Brokers said that yesterday's final piece of news, the after-hours suspension of the troubled Lombardini investment group from operating on the stock market, had been expected. They were more encouraged, they said, that the September account had not shaken out similar stories among other stock market operators.

FRANKFURT slid again in this volume, the FAZ index closing 6.00 lower at 785.88 in mid-session, and the DAX ending 15.30 to the worse at 1,582.95, although these losses mostly reflected declines after hours on Wednesday on worries about Iran declaring a "holy war" on the US.

NEW ZEALAND also eased in this volume, the Hang Seng index ending down 18.45 at 1,563.76 after turnover of NZ\$9.2m, boosted above Wednesday's NZ\$8.6m by a block sale of 5m Southern Petroleum contributory shares at 35 cents each.

HONG KONG slipped in quiet trading, the Hang Seng index shedding 11.07 to 3,093.97 in turnover of HK\$657m, up from HK\$650m; SINGAPORE saw some mild profit-taking, pulling the Straits Times industrial index down 6.94 to 1,240.00 as volume slumped to 51m shares from 68m; and BANGKOK'S SET index dropped 11.37 to 793.09.

Roundup

THE GULF situation continued to hamstring regional markets yesterday, with Taiwan one of

Flurries of selling disguise drop in volume

William Cochrane explains why a number of bourses did better business in August

THE ACHING void in European stock market volume, most keenly felt in Frankfurt where apathy has replaced "Ostphantisie", is not obvious in the figures for August.

According to County NatWest WoodMac, five of the eight countries covered in its report actually showed a rise in turnover for the month. Share prices reacted quickly to the confrontation in the Gulf, with the FT-Actuaries European index dropping by 15.9 per cent before a week's recovery from August 24, ending the full month 11.8 per cent lower.

With the dollar dropping, international investors had decided that the only safe haven was cash. However, that decision gave a short-lived boost to business, according to Mr James Cornish, a County NatWest strategist.

"A day by day approximation of the turnover figures shows that volume did respond to the Gulf crisis," said Mr Cornish, "but this happened in two different ways, which cancelled each other out in the end."

West German markets saw some serious foreign selling early in the month, with a daily peak of DM11bn on August 7; it dropped into the doldrums in mid-month, running between DM4bn and DM5bn a day, and then picked up again temporarily as share prices hit a succession of lows a fortnight later.

However, volume then fell away again, bottoming at DM2.6bn on September 3 much of this residue is earning no commission, the "turnover" representing inter-dealer trading in an attempt to make money on more volatile shares such as Daimler, Deutsche Babcock or AMB. If the present month under review.

Of the other countries which showed declines last month, Spain's holiday season coincided with an acute reaction to the Middle East situation. At the end of July, the market was looking at a strong

uptrend in volume, which had more than doubled since a low of Ptas368.4bn in March - all this reflecting good economic news, a strong peseta and bullish noises from the Finance Ministry. Since then, higher oil prices have brought a change in economic prospects, in Spain and elsewhere.

Switzerland, for example, seems to have replaced improving economic news, especially about its inflation rate, with a deterioration in prospects. Investors who had looked forward to a better performance in August were badly disappointed, said the recent Swiss monthly from Kleinwort Benson Securities. "Swiss investors saw their hopes for an early cut in interest rates vanish," said the report, "as higher oil prices will prevent inflation from falling below 5 per cent towards the year-end."

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ASIA PACIFIC

Investment trusts absorb heavy arbitrage pressure

Tokyo

ACTIVE BUYING by investment trusts helped the market weather heavy selling from arbitrageurs yesterday with only a moderate loss, writes Michiko Nakamoto in Tokyo.

After a bumpy ride, the Nikkei index ended down 141.06 at 25,078.06, against the day's high of 25,487.80 and low of 25,012.36. Gains led losses by 538 to 421, however, with 167 issues unchanged. Turnover expanded to 550m shares from Wednesday's 431m.

COERS: Coercing people into practical training could worsen the ills it is supposed to cure

Competitive gap that paper cannot cover

By that gauge of performance, West Germany's educators have long done far better than their counterparts in France and the United Kingdom. But the institute's report points out that since 1980 the French have made big strides in

If a similar problem confronted a petfood company, it would focus on the double-decker market. The solution would be seen to lie in devising a product that direct consumers and separate financiers would both find to their tastes.

To the Jobs column's mind, it is likely to prove quite the reverse of an effective remedy. Instead of heeding the preferences of the direct consumers, it would go over their heads, obliging them to take some practical course on pain of staying out of work. What little I know of psychology suggests that people engaged into training tend to

Even youngsters who succeeded in it would not have their career prospects advanced much. While employers' representatives have been given a say in the content of state-funded training, they do not seem to recognise the ensuing "vocational" qualifications as equipping the possessors to rise more than a couple of perches higher in the pecking order than the one they started on.

Although most recruiters are less extreme, they veer to the same cast of mind. In their typical view, practical training given before employment is best defined as: "something done to people who have failed in education."

In sum, Britain's work-skills problem can no longer be papered over. It needs to be faced in all its implications, and solved.

HEADHUNTER John Williams seeks three people for the London-based international operations of a banking group he may not name. He promises to abide by applicants' requests not to be identified to his client at this stage - as does the other recruiter mentioned later.

Inquiries to Russell, Williams
and Associates, 43-45 St Mary's Rd.
London W5 5RQ; tel 081-579 1082,
fax 081-566 2024.

A UK sales job with a Swiss software company focusing on banks is offered by Vivian Lawrence of Arlington Consultants (2 Sydenham Rd, Croydon CR0 9XE; tel 081-681 8185, fax 081-681 2732).

Salary about £25,000, plus expected £10,000 year-one commission. *Other benefits include a car.*

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For a confidential discussion, please contact
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Sales Manager

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Our client is the retail broking subsidiary of one of the world's leading US investment banks. The salesforce totals c. forty brokers, providing a "one-stop" service in a broad range of financial instruments (forex, bonds, equities, futures and options). Recent promotion has highlighted the need for a new Sales Manager to consolidate the team's success, expand the business base and increase the profile in non-speculative products.

This role has two aspects, firstly, the management of the salesforce including recruitment and training and, secondly, the formulation of a marketing strategy designed to generate incremental business.

The successful candidate will be a graduate, preferably in his/her mid-to-late thirties with the charisma to manage and direct the

Interested candidates should contact Nick Bennett on 071-248 3653 or write, sending a detailed CV to the address below, or use our confidential fax line on 071-248 2814. All applications will be treated in the strictest confidence.

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Preferably with a business/economics/accounting qualification and/or a relevant MBA, you must have five years' experience of financial analysis techniques gained within a highly capital-intensive industry where long lead times dictate acute forward planning. Key attributes are a high level of analytical skill and logical problem-solving ability, relevant financial management reporting experience, and an in-depth knowledge of computer modelling programs.

Salary will reflect experience and qualifications, and a first-class benefits package will be provided.

To apply, please fax or mail your career details to Mike Stockford, Ref: 4590/MS/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Facsimile: 071-823 1804. Closing date for applications is 21 September 1990.



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We urgently require spot and forward dealers age 27-38 with excellent track records within City based banks. You must have minimum 2/3 years experience with major/minor currencies. If you can demonstrate a stable and profitable career

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Jonathan Wren Executive

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Call Ron Bradley on 071-623 1266

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MANCHESTER BUSINESS SCHOOL

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APPLICATIONS ARE INVITED FOR THE POST OFFICE COUNTERS CHAIR IN RETAILING. THE POST PROVIDES AN OPPORTUNITY TO PLAY A LEADING ROLE IN THE FUTURE DEVELOPMENT OF ONE OF EUROPE'S PREMIER BUSINESS SCHOOLS AND BUILDING LINKS WITH POST OFFICE COUNTERS AT A TIME OF EXCITING GROWTH AND DEVELOPMENT.

CANDIDATES SHOULD BE OUTSTANDING INDIVIDUALS CAPABLE OF PLAYING A LEADING ROLE IN THE DEVELOPMENT OF THE SUBJECT LOCALLY, NATIONALLY AND INTERNATIONALLY. THEY SHOULD HAVE A PROVEN RECORD OF ACHIEVEMENT IN RESEARCH, TEACHING AND/OR BUSINESS IN RETAILING. THE SCHOOL IS PURSUING ACADEMIC DISTINCTION IN THE AREAS OF MARKETING AND STRATEGY, INFORMATION AND OPERATIONS MANAGEMENT, HUMAN RESOURCE MANAGEMENT AND FINANCIAL STRATEGY. THE SUCCESSFUL CANDIDATE MAY WISH TO COLLABORATE WITH THESE AREAS OR DEVELOP A DISTINCTIVE RETAILING ORIENTATION.

POTENTIAL CANDIDATES ARE WELCOME TO CONTACT EITHER THE DIRECTOR OF THE SCHOOL, PROFESSOR TOM CANNON, OR THE DEAN, PROFESSOR R. L. PAYNE, TO DISCUSS THE POST INFORMALLY. (TEL: 061-275 6333).

THE SALARY IS EXPECTED TO BE WITHIN THE NORMAL PROFESSORIAL RANGE (MIN. £24,783 PA). (UNDER REVIEW) FURTHER PARTICULARS MAY BE OBTAINED FROM THE REGISTRAR, THE UNIVERSITY, MANCHESTER M13 9PL. TEL: 061-275 2028 TO WHOM APPLICATION (ONE COPY SUITABLE FOR PHOTOCOPIING) SHOULD BE MADE BY 29TH SEPTEMBER, 1990. QUOTE REF: 233/90.

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The Equity Division of S.G. Warburg Securities is seeking to expand its UK Equity Sales Team.

The ideal candidates will be graduates in their early 20's who have a keen interest in equity markets. They must be numerate, self-motivated team players who not only have excellent communication skills but also the ability to respond positively to a stimulating environment. Some previous experience would be an advantage but is not essential.

Applications, enclosing a curriculum vitae, which will be treated in strict confidence, should be sent to:

Anita Sprules,
Head of Group Personnel,
1 Finsbury Avenue, London EC2M 2PA.

MANAGER RESEARCH DEPARTMENT

Confederation Life is a rapidly expanding financial services Company with global assets in excess of £10 billion. We have been established for over seventy years in the UK and our funds under management have grown to over £2 billion.

We have a high commitment to in-house fundamental investment research and are now seeking to recruit a Manager for our growing team of investment analysts. The successful candidate will be responsible for the long term development of the Research Department including all aspects of people development and motivation. The job holder will be expected to ensure that the research output remains of a high quality as well as expanding coverage and meeting the needs of fund managers.

This is a challenging post which will suit an individual with at least seven years experience of comprehensive fundamental company analysis in a securities environment. We are offering an attractive salary, together with a comprehensive range of benefits, including bonus, Company car, petrol, subsidised mortgage and non-contributory pension.

Please send your CV or telephone for more details to Mandy McMahon, Personnel Manager, Confederation Life, Lytton Way, Stevenage, Herts. SG1 2NN. Telephone: 0438 744804.

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Location:
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The Settlements Manager will share responsibility for the Settlements Office with the Operations Manager. The Settlements Manager, however, will have specific responsibilities for the cashier's department, client accounts and financial control and they will be expected to provide management information to the Board on a regular basis. It is a prerequisite that candidates have an in-depth knowledge of settlement systems in order to derive maximum benefit from the firm's bureau system.

Ideally, candidates should be aged between 28-40, and have at least ten years settlement experience, with significant big firm exposure. Numeracy and a genuine awareness of the market, combined with strong management skills and a working knowledge of current TSA requirements are essential requisites for this challenging but rewarding role.

Interested candidates should send a detailed CV together with current salary and daytime telephone number to Carol Jardine, Touche Ross Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP, quoting reference LM223.

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City

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For further details of the corporate benefits and long term career opportunities, send your full CV to Jan McGarry, Senior Personnel Officer, Personnel Department, Pearl Assurance Plc, Pearl Assurance House, Thorpe Wood, Peterborough PE3 6SA.

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You will be involved in all stages of the investment process and aftercare, as well as participating in the development of the business as a whole, particularly deal flow and investor contact.

Candidates should have a minimum of two years' venture capital experience, demonstrate sound analytical and judgemental skills and be able to think and express themselves clearly. A professional or industrial background with business training is desirable.

If you are interested in joining our Venture Capital Team please send full personal and career details to: Director of Personnel, Gartmore Investment Management Limited, PO Box 65, 16-18 Monument Street, London EC3R 8QQ.

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For further information please telephone David Pollock on 0932 249748, or write to him at Air Products Plc, Herstam Place, Molesey Road, Walton-on-Thames, Surrey, KT12 4RZ, England.

**AIR
PRODUCTS**



Director of Corporate Finance BRISTOL

Darrington & Company is a West Country based Merchant Banking Group with offices in Bristol, Exeter, Guernsey, Jersey and Plymouth providing Corporate Finance, Banking, Stockbroking and Fund Management Services to corporate and private clients in the region.

We are seeking an experienced Corporate Finance Director to lead the development of our public company corporate broking and advisory activity and to work closely with colleagues in the development capital and newly established institutional research teams to promote our position as the leading Corporate Finance house in the region.

This is an exceptional opportunity for a candidate with yellow/blue book experience at the smaller end of the market to join the Senior Management of a rapidly expanding Regional Merchant Bank and will appeal to candidates who wish to build their own business taking advantage of an established organisation with proven deal flow.

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Please write in confidence, enclosing your particulars, to Christopher Duckerley, Chief Executive, Darrington & Co. Group plc, 70 Prince Street, Bristol BS1 4QD.

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Letters should be addressed to:
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28046 Madrid - SPAIN
Att: Mr. Alfonso Ramos

DIRECTOR, INVESTMENTS AND TREASURY, MONACO

Company

A privately owned industrial group operating principally in North America and Western Europe. Major interests are in agricultural machinery, pumps, information technology, metal, electrical and construction products and energy product transport and trading.

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Reporting to the Vice President & Corporate Treasurer at corporate headquarters in Monaco, the incumbent will be responsible for:

- Monitoring the corporate liquidity fund (asset allocation, execution of trades)
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Qualifications

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日本語で読む ユーロ金融情報誌

IFR 日本版
International Financial Review

International Financial Journalism: Japanese writers

The Japanese edition of International Financial Review is looking for experienced, bilingual financial journalists to report on European banking and capital markets. The reporters would work from one of IFR's ex-Japan offices — London, Paris, New York or Zurich — and report to the Japanese Edition's editor in Tokyo. IFR's Japanese Edition was successfully launched in June this year, while International Financial Review itself has been operating in Tokyo since the early 1980s. Apart from fully fluent written Japanese and fluent spoken English, the successful candidate will need excellent reporting skills and a good understanding of financial markets. However, further training in international finance will be offered by the company if required. Very competitive salary and benefits packages will be offered to the right candidate.

日本人編集記者募集

dates. IFR Publishing Ltd is a fast-growing subsidiary of The Thomson Corporation. Its headquarters are in London and it has offices in New York, Paris, Zurich, Tokyo and Hong Kong. Applicants in Europe should send their applications to Peter Krijgsman, Editor in Chief, IFR Publishing Ltd, South Quay Plaza 2, 183 Marsh Wall, London E14 9FU, UK. Applicants in North America should send applications to Simon Hylson-Smith, Bureau Chief, IFR Publishing Ltd, 12th Floor, 387 Park Ave South, New York NY 10018, USA. Applicants in the far east should send applications to Volvet Yoshinami, Bureau Chief, IFR Publishing Ltd, Kanda Amerex Bldg No. 3, 5F, 3-10 Kanda, Jimbauchou, Chiyoda-Ku, Tokyo 101 Japan. Envelopes should be marked "Japan".

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Rubbermaid

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Mr Donald R. Lewis, Managing Director
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Please send curriculum vitae or telephone. All enquiries treated in strict confidence.

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He or she should also have a working knowledge of the French language.

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Career prospects are excellent within the organisation and success will be rewarded by early responsibility. If you are interested in learning more, please write in confidence with full career and salary details, quoting reference 4111/ES to Hilary Douglas.



Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU

FINANCIAL TIMES/LES ECHOS

ALCATEL

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Please contact Xavier d'Anglade in strict confidence in Paris on (010) 331 45.53.26.26 or write to him enclosing a comprehensive CV and quoting ref.XA6110FT at Michael Page Finance, 30 bis rue Spontini, 75116 PARIS.

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NORWICH UNION FUND MANAGERS LIMITED

INVESTMENT ANALYST

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Educated to degree level you should have at least three years' relevant experience. A sound analytical training coupled with an enquiring mind, good communication skills and a high level of self motivation are essential. Some knowledge of a European language would be an added advantage.

The post is in Norwich, a prime location within easy reach of the City. A fully competitive salary, backed by a first class benefits package including performance related bonus and comprehensive relocation assistance, where appropriate, awaits the successful candidate.

We are an equal opportunities employer and happy to consider applications from registered disabled persons. If you wish to accept the challenge and opportunity offered by this post, write now with full career and salary details, mentioning this publication, to:

John Munday
Investment Personnel Manager
Norwich Union Fund Managers Limited
37 Surrey Street
Norwich NR1 3UZ

or ring John for an informal discussion on 0603 682963.



International Derivatives Marketing New Products Group

London Based

Due to internal expansion and innovative development, this International Bank is pioneering a new marketing group to concentrate exclusively on derivative products. Products will include currency, equity, interest rate and commodity derivatives, but the packaging will be driven by customer demand and risk management requirements.

Geographic coverage will primarily be Europe, and ideally, applicants will bring a mature client base. Alternatively, a thorough quantitative understanding of derivative products coupled with linguistic abilities will be suitable.

Due to the recent development in this area, our client is keen to talk to individuals with

varying expertise who will enjoy participating in the set-up of a new team. It is emphasised that this group will work alongside the extensive existing sales force - but focussing exclusively on derivatives. Applicants will have strong academic backgrounds and a minimum of two years' experience.

This is an exciting, challenging opportunity where remuneration and career development prospects are excellent.

Interested applicants should contact Arabella Goodford or Kate Griffiths in strictest confidence on 071-831 2000 or write to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City
International Recruitment Consultants
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ACCOUNTANCY COLUMN

Big will be beautiful as Europe opens up

Brandon Gough scorns 'bilious' commentaries which have predicted the decline of the largest firms

DEVELOPMENTS over the past year have put the spotlight on our large accounting firms - particularly the Big Six which are at the apex of the substantial and diverse public accounting and consulting sector in this country.

Some commentators have written biliously about the majors - even in this column. On reflection this is not surprising, because for years the large accounting firms have been tipped for decline. Here are some observations made about us in the past:

- auditing is a declining market, and we will decline with it;
- our partnership structures are inappropriate for the modern business world;
- accountants and consultants cannot co-exist;
- pieces are flaking off to create new niche businesses, and so on.

Well, here we are, apparently thriving. In fact, doing too well in the opinion of some observers. What's the real story? What advantages have the big firms created? Are they a good or a bad thing? Where do they go from here?

I believe that the major accounting firms are marked by five characteristics. None of the five, individually, is unique to the majors, but together they make the difference.

The first characteristic is our long-run ability to take advantage of market opportunities. Admittedly we have had the benefit of generally favourable markets for our services, but the big firms did not start out with any unique advantages. We got

big by being better. Contrary to popular belief, most of our growth has been organic. We have expanded our client base by trying to do a better job. In auditing, for example, most advances in professional thinking have been developed in one or other of the big firms.

The second characteristic of the major firms is the effectiveness of the global networks to which we all belong. Geographical expansion by the industrial and commercial sector has brought with it a hugely increased demand for cross border professional services: acquisition investigations, feasibility studies, logistic strategies, tax planning, audit and on and on.

Businessmen have expected their accounting firms to provide high-quality service around the globe. Partners in today's large firms are benefiting from the vision of their forebears, who put in place the foundations of today's networks.

As a result the major accounting firms are both facilitators of, and beneficiaries from, the globalisation of business activity. One or two commentators have suggested that our global networks give us an unfair advantage over purely national firms. That is to miss the point. Effective global accounting networks are an essential facility in today's business world - and should not be tampered with in response to narrow national pressures.

The third characteristic of our firms is in the ability, diversity and motivation of our people. If I may say so, we

are remarkably well educated! Three quarters of our total strength are graduates, or professionally qualified, or both. We come from a wide range of disciplines. The average age of the people in my firm is less than 30. Our people have high aspirations.

The mixture of ability, youth and ambition is a potent cocktail. It's what gives the successful firm its edge, but the edge can only be sustained by the right kind of interaction between people at all levels. Each firm's unique culture is a key factor in determining its success relative to the competition.

Our fourth characteristic is our retention of a partnership structure. For years this has been considered out-of-date - inappropriate for a substantial business operating in a competitive environment. Critics have failed to see the difference between partnership style and management effectiveness. Of course we expect our businesses to be managed effectively. But partnership style is fundamental to the way we relate to one another. Partnership is working with other people, rather than working for the business. A sense of partnership, of teamwork and networking is key in retaining the commitment of the people who together create the dynamism in the business.

Our fifth characteristic is our spread of services, most visibly in the growth of management consulting services alongside the original core accounting activities. The accounting firms are now the largest providers of general consulting services. Undoubt-

edly the initial development of consulting was helped by our existing client base for accounting services, but we have long passed the point where that kind of support is necessary.

Our consulting practices are self-sustaining. They are successfully managed by consultants. They relish the cut and thrust of the competitions which are now commonplace for new assignments. However, our consultants don't operate in isolation. Our unique advantage is our ability to network a diversity of skills and experience from across our firms, resulting in real depth of advice to clients.

What about conflicts of interest? Surely, the critics say, it can't be right for a firm to provide consulting services to an audit client? In reply I say, what's the problem? Where are the examples of auditors covering up erroneous advice given by their firm in a different context? I am quite sure that such risks as exist - and they are pretty small - can be more than adequately handled through the present structures of the big firms.

In summary, then, the major accounting firms have succeeded because of our market awareness, our global networks, the quality, diversity and motivation of our people and our retention of a partnership style of relationship. But the acid test is - are we good for the client and for the wider community?

I do, of course, answer that question with an emphatic "yes." Quite simply, the market needs large firms, because it is only large firms that

have the resources to handle large assignments in the compressed time-scales that frequently apply. The audit of a major multinational may call for 500 to 1,000 people worldwide at its peak. Consulting assignments, mergers and acquisitions, insolvencies may each call for hundreds of people at any one time. So scale is needed simply to get some of these assignments done. And scale also gives the resources to invest in further improving our services and working methods.

Are there enough large firms? Again, I say "yes." Competition is fierce, choice is there, and there are numerous alternative suppliers inside and outside the accounting business for many of the services provided by the big firms.

Should we be allowed to continue and expand our range of services? Of course. The large diversified accounting firms are a major asset for this country. In the 1990s a key success factor for countries and companies alike will be their ability to leverage their knowledge base. The large accounting firms already constitute a mechanism for the provision of knowledge-based advisory services on a scale which exists in no other European country.

As the European market opens up it would be quixotic indeed if this significant advantage were surrendered in response to exaggerated concerns about scale, lack of competition or independence.

Brandon Gough is chairman of Coopers & Lybrand Deloitte.

Divisional Accountant

UK Merchant Bank
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- Candidate: Qualified accountant aged 26-30 years with banking exposure.

- Prospects: Interesting, diverse and not confined to financial control.

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For complete vacancy specifications please contact Tom Seaden on the daytime number below, (evenings and weekend 081-888 8318). Your application will be treated in total confidence.

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DATE: Thursday 27th Sept 1990
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Refreshments will be served throughout the evening.
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management team, the applicant must possess an enthusiastic, hands-on approach, coupled with the personal presence necessary to succeed in a commercial entrepreneurial environment.

The remuneration package will reflect the importance of the appointment and will include an excellent salary, share options, pension and private medical cover together with an executive car, and relocation assistance where appropriate.

All applications will be dealt with in the strictest of confidence. Interested candidates should forward a full curriculum vitae, including details of present salary package, to Mary Byrne at Stark Brooks Associates Ltd., 2nd Floor, St. James's Buildings, Oxford Street, Manchester M1 6FQ, or alternatively telephone her on 061 236 1212 (office hours), 061 485 7430 (evenings and weekends).

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At their offices in Northampton they are seeking to appoint a Management Accountant to take responsibility for their accounting area under the Financial Director.

Probably in your late 20's and ideally ACCA/ACCA/ACA or CIMA qualified, although a part qualification and exceptional skills will be considered, you will be responsible for, producing monthly reports and budgets, preparing accounts to audit level for both main and operating Boards, interpreting accounts

and reporting on financial variances and accounting trends.

Computer literacy, man management and effective communication skills are also essential. Remuneration will be around £25,000 to include an element of profit share. A company car is also provided together with a good benefit package which could include re-location assistance if necessary.

All interviews will be held with our client but in the first instance please send your full CV to Victoria Phillips.

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Finance Director

North Kent

Excellent Package

Our client, part of a major international group, has revenues of £20 million and is a world market leader in the design and manufacture of specialised handling systems for the food and drinks industry. Following recent acquisitions and capital investment, the company is now developing its process engineering and high speed packaging capabilities across a broader product range and the potential for expansion is excellent.

Against this background, a new Finance Director is sought who will contribute to the company's profitable development by establishing and maintaining excellent financial management, controlling resources and shaping business decisions within the framework of group requirements. This is a strong management role which also carries responsibility for the EDP function and Personnel.

Applicants, aged 30-40 should be qualified accountants with

sound business judgement and at least 5 years experience in a senior finance role preferably within an international environment. You should be able to demonstrate product knowledge and a practical aptitude in addition to a sound technical skill base, coupled with the capacity to think strategically and independently. Strong interpersonal skills are essential.

Please write enclosing a comprehensive CV with daytime telephone number quoting ref 452 to:
Barry A Ollier BA, ACA, Whitehead Rice Ltd,
43 Welbeck Street, London W1M 7PG.
Tel: 071-637 8736

Whitehead Rice

MANAGEMENT SELECTION

FINANCIAL DIRECTOR (DESIGNATE)

c.£35k + Car + Benefits

West Yorkshire

Our client is a private, director owned and rapidly expanding company designing and supplying high technology electronics to both television and computer manufacturers. Their current turnover is approaching £20 million and rising. The company has reached an important stage in its growth when strategic decisions need to be taken on future control and direction. The directors are now looking to recruit someone to participate in shaping the future of the company and to specifically:

- develop company financial management to support the next phase of growth;
- devise and implement computerised management information systems;
- oversee the production of regular financial statements including management and statutory accounts;
- manage company funds.

The ideal candidate will hold a recognised accountancy qualification, have experience of the above work and, most importantly, the personal "presence" to make an impact on the future of the business. Future prospects are in line with those of the company's potential.

Apply in confidence, by sending a cv, including salary details, to Trevor Tindall, Executive Selection Division, Grant Thornton Management Consultants, St Johns Centre, 110 Albion Street, Leeds, LS2 8LA, quoting reference C125.

Grant Thornton
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Group Financial Controller

Central London

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Leading a small central team, the successful applicant will be responsible to the Group Finance Director for management and statutory accounting, budgets and long range plans, group taxation and treasury. He or she will be expected to contribute significantly to the commercial strategy of the business, working closely with the Group Board on the evaluation of acquisitions and other business development opportunities.

Candidates, aged up to 35, will be graduate Chartered Accountants who can demonstrate a strong track record of achievement in a technically demanding environment. Excellent communication skills and highly developed commercial awareness, together with results orientation and future development potential, are essential.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref. 2632, to Alan Dickinson ACMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. (Tel: 071-831 2000).

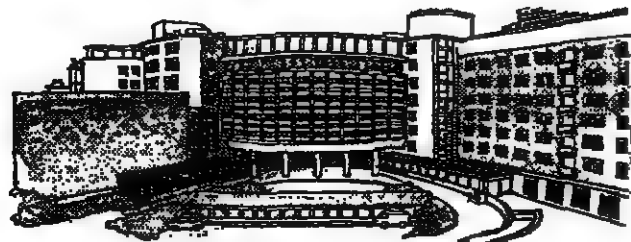
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BBC NETWORK TELEVISION

Head of Accounting Services

Salary c.£34k plus car



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The Chief Accountant Television is currently looking for an experienced professional to lead his Accounting Services team. He wants an energetic and imaginative individual to take responsibility for the operation and development of accounting systems and to provide high quality financial information and advice to Senior Managers and Programme makers throughout Network Television.

The postholder will be a key figure in the Financial Management team and will be expected to represent the Television Service in dealings with outside bodies, government departments as well as artists and contributors.

With substantial post qualification experience, preferably in a service industry, the successful candidate will possess the maturity and authority to lead a team of 100 professional and administrative staff in a dynamic and rapidly changing environment. Proven leadership and team building skills are essential.

For further information please contact Kate Smith – Head of Personnel, Administrative & Accommodation Services, Television, Room A408, BBC Centre House, Wood Lane, London W12 7RJ, on 081-576 7955 or send a C.V. to the same address to arrive by September 21st (quote ref. 7734F).

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Each Financial Controller will be a key member of the office management team reporting to the office Managing Director. Key initial objectives will be to strengthen the finance team to provide timely and accurate financial and management information and support the ongoing development of the business. You will be expected to provide input to the implementation of a new IT strategy which will enable greater local financial control and accountability.

Candidates should be qualified accountants with broad based financial and management accounting skills.

Previous experience of senior line financial management at divisional level within a design or project engineering environment would be of particular interest. Motivation, self-confidence and interpersonal skills will all be characteristics required to enable successful candidates to operate in this changing and challenging environment.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3UB, quoting reference AS746 on both envelope and letter.

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Managing the 7-strong Queenborough accounting team, you will monitor manufacturing performance including variance analysis and inventory control. On a day-to-day basis, you will liaise closely with the Technical Director and Senior Production Managers, with direct line reporting to the Financial Controller.

A qualified accountant – ACCA or CIMA – with sound knowledge of production accounting, you will ideally bring some management experience to the role. Excellent communication skills, energy and drive will be prerequisite.

You will enjoy in return an attractive salary backed by excellent large company benefits, including a car and relocation assistance as appropriate. The rewards for high achievement could also include career development opportunities in the UK and overseas.

To find out more about this challenging role and about Abbott, please forward a full cv or telephone Louise Barrett, Personnel Manager, Abbott Laboratories Limited, Abbott House, Moorbridge Road, Maidenhead, Berkshire SL6 8UG. Telephone: 0628 773355.

ABBOTT

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Financial Controller

London

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In order to back up their programme of expansion, the company seeks to recruit an experienced finance professional to take overall responsibility for the finance function. Reporting directly to the UK Director, the Financial Controller will be responsible for all

aspects of financial planning and control and for developing the full range of accounting and reporting procedures. As an integral part of the senior management team the successful candidate will also play a significant role in formulating and implementing corporate strategy.

Candidates will be qualified accountants with a minimum of three years experience gained within a UK life office. They will have a good understanding of regulatory issues and requirements as well as the ability to take an active lead in controlling the business.

This opportunity offers the rare chance to be involved in the start-up of a dynamic and fast moving business. The position carries a

generous remuneration package, together with excellent benefits and relocation expenses where necessary.

We intend to discuss all applications with our client – candidates should specify any organisations to whom they would not wish their papers disclosed.

To find out more please contact Charles Ritchie on 071-939 5190 or write to him enclosing CV and current salary details, quoting reference D/1088 at: Executive Selection Division Price Waterhouse Management Consultants No. 1 London Bridge London SE1 9QL.

Price Waterhouse



Associate Director Internal Audits

c.£50,000 + Car and executive benefits
London

Our Client, a major UK retailing group, is a progressively managed organisation, with considerable emphasis placed on improved financial control, working practices and codes of conduct.

This new position, reporting to the Group Finance Director, provides a high profile point of entry to the Group and career potential to a senior financial generalist role. Managing a small, flexible, high calibre team, the Associate Director of Audits will establish and maintain an effective audit of control systems and management processes.

Applicants should be highly motivated Chartered Accountants with at least ten years' post-qualification experience, including substantial audit responsibility at a managerial level, preferably with a major professional

firm. Sound leadership and management skills coupled with vision, drive, mental alertness and technical discipline, are the attributes that best describe the person we seek.

A generous package of executive benefits supplement an initial salary level of c.£50,000, plus car and annual bonus.

In order to expedite the selection process, please send or fax your CV to Carrie Barnes, Juniper Woolf Consulting Partners, Gemini House, 180 Bermondsey Street, London SE1 3TQ. Telephone: 071-357 7141. Fax: 071-407 6176.

Juniper Woolf

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THE POSITION

- Key member of management team reporting to Director of finance. Responsible for all financial and statutory reporting for group companies. Ad hoc financial analyses and projects for M.D. and F.D.

- Develop strong business systems to enhance Company's leading edge.
- ACA or ACMA, aged 26-32. 3 years p.q.e either within or outside the Profession. Financial services experience desirable, ideally insurance.
- Proven achiever with high intelligence, drive and ambition.
- Forceful personality, confident, critical and change oriented.

Please reply in writing, enclosing full cv, Reference SJ2517
Orion House, Grays Place, Slough, SL2 5AF



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Finance Director London Transport

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Central London

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THE COMPANY

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- Strongly established, sophisticated finance function. 150 staff report.
- Autonomously managed but close liaison with Department of Transport.

THE POSITION

- Totally responsible for finance function covering Finance, Audit, Pensions and Administration.
- Major emphasis on project finance, project accounting and information technology.

- Member of the Board reporting to the Chairman. Key role in capital investment appraisal and the financial elements of strategic planning.

QUALIFICATIONS

- Proven Finance Director with major plc experience. Aged 42-52, qualified Accountant.
- Strong manager and leader with excellent, wide ranging technical skills.
- Ambitious, commercially oriented with personality and presence to be effective at very senior levels.

Please reply in writing, enclosing full cv, Reference J9927
54 Jermyn Street, London, SW1Y 6LX



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HEAD OF ACCOUNTING UNIT

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We are aiming to appoint someone to head up 90 staff in our Accounting Unit which is based in pleasant surroundings in Worthing.

The starting salary will be in the range of £27,871 to £35,720 with a subsequent performance package taking the salary to £41,650.

You would lead and manage the Unit which is responsible for:-

- Preparing the Department's annual accounts.
- Maintaining the Department's accounting and budgeting systems.
- Developing these systems to meet future needs.

The Government has launched its initiative on "Next Steps" agencies and you will, as Project Director, be responsible for ensuring that the Department's accounting and budgeting systems are developed on commercial lines to accord with these requirements.

You will require energy, enthusiasm, commitment and organisational and management skills. You will need to divide your time between Worthing and the Central London Head Office.

Applicants must hold a recognised accounting qualification with several years' relevant post-qualification experience and be familiar with the latest computer systems and techniques. Prospects for advancement are good. For an informal discussion phone Paul Willingham on 071-438 6724.

For further details and an application form (to be returned by 19 September 1990) contact the Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (24-hour answering service). Please quote ref: G/8551.

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PLC Group Secretary

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East Midlands

Our client is a highly successful £600m turnover international PLC. Led by an imaginative management team, the Group is increasingly looking towards international growth both by acquisition and organically.

The Group Secretary, reporting to the Finance Director, is a key member of the executive team leading the negotiations for acquisitions and international business agreements. There is a clear responsibility for the accuracy and effectiveness of all contracts, particularly ensuring that they embody group commercial objectives. As Group Secretary there is an opportunity to influence Board discussions through attendance at Board Meetings in a Group which thrives on open management style.

Candidates, CIS, CA or qualified lawyers, will come from a group secretarial role in a multi-national plc, preferably with knowledge of US or Latin American or European business practices. The person appointed must be a high achiever with the energy, determination and international outlook that matches the dynamic environment of this Group.



CLARK WHITEHILL
Search and Selection

For further information, please contact
Jeff Atcock, Clark Whitehill Consultants Limited,
25 New Street Square, London EC4A 3LN.
Telephone: 071 553 1577. Fax: 071 583 1720.

FINANCIAL CONTROLLER

DO YOU HAVE PROPERTY OR SERVICE SECTOR EXPERIENCE?

Birmingham

From £35,000 + Bonus + Car

Our Client is one of the UK's leading Property Consultants with a name synonymous with quality and professionalism. Central to their ongoing success of their Property Management Division is the effective management of its financial systems and procedures, and it is against this background that they wish to appoint a Financial Controller.

You will assume front line responsibility for the effective management of the busy finance function. Working closely with a small team of dedicated staff, you will be tasked with ensuring that the function has effective systems and procedures in place to support the highest level of client service. To this end, responsibilities will include the effective "hands on" financial management of the Division and developing procedures appropriate for operational control and profit maximisation.

To succeed in the role, you will be an effective and determined "team player" favouring an approachable, informal style of management. It is essential that the appointee has presence and the ability to instill confidence in clients and internal personnel at all levels. Experience of the Property Management Sector would be highly advantageous. This is a high profile role and one destined to grow with the business.

Interested applicants are invited to send a full curriculum vitae and salary details to Steven French, quoting reference B/307/90.



Peat Marwick Executive Selection

Peat House, 2 Cornwall Street, Birmingham B3 2DL

Deputy Finance Director

London

To £40,000 + Car
+ Benefits

Our client, a subsidiary of a major blue chip PLC, is a world leader in its field of project management. Dynamic leadership coupled with innovative marketing strategies has been effective in producing accelerated organic growth, both globally and in the UK.

A recent increase in demands on the finance function has generated the need to augment the management team with the appointment of a Deputy Finance Director. Reporting to the Finance Director, the appointee will be primarily responsible for the financial management of the group's operations. This highly proactive role encompasses the development and implementation of group systems, computerisation, treasury management, and active participation in the strategic planning process. In addition, the successful applicant will be expected to actively contribute to the development of the group through a commercial and practical approach.

This opportunity will appeal to a qualified accountant, in the age range 33-38, with a record of hands on achievement, and relevant experience in a multi-site international environment. The ability to liaise with professionals at senior levels, impartially assess organisational problems, and constantly adapt to a fast moving and challenging operation, is a prerequisite.

The rewards include an attractive remuneration package, together with fully expensed company car, large company benefits and the opportunity to develop a stimulating career within this high profile international group.

For further information in strict confidence contact Brian Hamill on 071-287 6285 (evenings and weekends on 071-627 4974). Alternatively, forward a brief resume to our London office quoting Ref: BH 1159.

WALKER HAMILL
Financial Recruitment Consultants

29-30 Kingly Street London W1R 5LB Tel: 071 287 6285 Fax: 071 287 6270

Corporate Development Manager

A Key New Banking Position

Excellent Salary + Car + Banking Benefits

Our client is a long-established UK banking subsidiary of a major international financial group. It has built a strong position in the UK mortgage, consumer finance and savings markets, and has an expanding commercial loan portfolio. The bank's Head Office and branch network is concentrated in the southern counties of England.

The bank has ambitious growth and diversification objectives, and in order to strengthen the planning and development process, the new position of Corporate Development Manager has been established reporting directly to the bank's Managing Director. Key tasks will include the analysis and selection of new growth strategies, the assessment and monitoring of the bank's current operations, the appraisal of the bank's financial structure and the effects on assets and liabilities of changing economic conditions, and substantial participation in the ongoing planning process.

As the successful candidate, you will be a

graduate with an accounting qualification, and will have had experience in the planning and corporate development function in a UK financial services organisation. You will be familiar with planning and development techniques and processes, including the use of computer-based modelling and analytical methods, and will have a keen analytical mind with excellent verbal and written communication skills.

The appointment will command an attractive salary and the benefits will include a subsidised mortgage and a car. The position is based in an attractive area of southern England, and where appropriate, assistance will be given with relocation costs.

If you have the experience and qualities required and wish to be considered for this appointment, please write - in confidence - enclosing a CV and details of current remuneration to Douglas Austin, Ref: 7172, MSL International (UK) Limited, 32 Aybrook Street, London W1M 3JL. Tel: 071-487 5000.

MSL International

East European Services

Senior Tax Managers & Lawyers

Hungary*

Opportunities exist in what are exciting and rare times. As Eastern Europe undergoes major economic, political and social changes, you will have the chance to participate.

We are looking for experienced tax consultants at manager level or lawyers to join our expanding office in Budapest for periods of at least two years.

The work will include advising on the structure of complex inward investment projects. Experience in international tax and cross border transactions would be helpful.

You will be responsible to the resident tax partner who is keen to delegate challenging responsibilities to those with flair, business imagination and an ability to deal with senior executives with minimum supervision.

You must be able to manage a diverse multinational team and relate quickly to new situations as they arise.

Knowledge of Hungarian or German would be an advantage but is not essential. You will have the opportunity to travel within Europe and to North America.

Salary is negotiable. Additional benefits include assistance with relocation costs and obtaining permanent accommodation, comprehensive medical insurance and language tuition. You will be able to participate in a range of continuing professional development programmes.

For further information on these unusual career opportunities, please write to John Townend, Head of Tax Recruitment, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY or call him on 071-939 2239.

*See FT Survey on Hungary 17.9.90.

Price Waterhouse

OFFICES IN: BUDAPEST • EAST BERLIN • MOSCOW • PRAGUE • WARSAW

Newly Qualified

c.£26,000

This major International Banking Group is seeking to appoint a high calibre, Newly Qualified ACA to work in the very hectic Finance Division. Reporting to a Senior Manager in Group Accounting you will be responsible for providing financial information for use by all levels of management within the UK and overseas. This role has a steep learning curve and demands a very flexible "hands on" approach.

In addition to the ACA qualification gained through a Big 6 Firm, the successful candidates will be aged mid-late 20s, possess excellent academic records together with the proven analytical and communication skills which these high profile roles will demand. An excellent range of banking benefits will be offered including subsidised mortgage, private health insurance and a non-contributory pension scheme.

For further information please telephone or send your CV to Valerie Grassham, Joslin Rowe Associates (Financial Recruitment Consultants), Bell Court House, 11 Blomfield Street, London EC2M 7AY. Tel 071 588 7287. Fax 071 382 9417.

Corporate Finance

to £30,000

An established UK Merchant Banking Group is seeking to strengthen its Corporate Finance team through the addition of a young, Qualified Chartered Accountant. In this challenging and varied role you will have considerable exposure to: advising clients on acquisition finance; venture capital and financial engineering; investment advice and capital market debt issuance.

A MEMBER OF THE BLOMFIELD GROUP
JOSLIN ROWE
Accountancy

CJA

RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 5PJ

Tel: 071-588 3586 or 071-588 3576

Telex No. 887374 Fax No. 071-256 8801

A key position with scope to become either Group Controller, or move to a similar level Head Office role, or to a senior line position within the Group in the UK or overseas in 24-36 months

ALPS

DIVISIONAL CONTROLLER - FOOD

LONDON

£34,000-£42,000

MAJOR INTERNATIONAL DIVERSIFIED FOODS AND ELECTRONICS GROUP -
T/O APPROACHING £2 BILLION

This vacancy, caused by promotion, calls for accountants aged 28-35 ACA, ACCA or ACMA who will have at least 3 years' post qualification experience gained in either commerce or consultancy with a year or more of practical experience in advising and implementing new systems and procedures etc. Reporting will be to the Group Controller, and responsibilities will cover analysis of budgets, forecasts, monthly results, capital authorisation and co-ordinating changes to the structuring and financing to ensure meeting the Group's requirements. Up to 20% overseas travel will be necessary. An alert enquiring mind, considerable energy, flexibility and a diplomatic persuasive manner are essential requirements for this position. Initial salary negotiable £34,000-£42,000 plus car, non-contributory pension, free life assurance, BUPA, assistance with removal expenses if necessary. Applications in strict confidence under reference DCF202/FT to the Managing Director.

ACCOUNTANCY AND LEGAL PROFESSIONS SELECTION LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.
TELEPHONE: 071-588 3586 or 071-588 3576. TELEX: 887374. FAX: 071-256 8801.

FINANCE MANAGER

LAGOS - NIGERIA

Substantial Compensation Package + Benefits

A major construction company with a turnover in excess of 30 million dollars and 3500 employees, is seeking to appoint an experienced financial manager for its Lagos headquarters.

The Nigerian company, part of a European/International group, is keen to develop its financial function. This new position is therefore of vital importance to the company's future growth.

The ideal candidate will be at least 35 years of age, currently working as a financial manager using their accounting and computer background to implement computerised

financial controls. You will have gained Nigerian/West African experience as well as exposure to the construction industry. Your overall role will be to advise the Managing Director and the board of directors on all financial aspects relating to the company. The company offers a substantial package with all the usual benefits associated with a position of this calibre.

To apply, please send your full C.V. quoting ref. FT101 to Rolf Gerritsen, PER, Rex House, 4-12 Regent Street, London SW1Y 4PE.
Tel. (071) 930 6573.
Fax. (071) 930 0045.

PER
INTERNATIONAL
SEARCH & SELECTION

FINANCIAL CONTROLLER

French Fashions

London

c. £32,500 + bonus + car

This is an exciting opportunity for a commercially minded young accountant to join the expanding UK subsidiary of a prestigious French clothing group and to help in shaping its future. Our client markets and distributes high quality men's and women's fashions through a well established wholesale network and a number of successful retail outlets in London and the regions. Its label is well known and there are ambitious plans for continuing growth.

Reporting to the U.K. Managing Director, the Financial Controller will head up a close-knit accounting team and will have total responsibility for budgeting, financial reporting and control. In addition to overseeing the production of timely and meaningful management reports, the role will entail upgrading the computer systems and providing active commercial support to the General Manager in the business.

development programme.

Candidates should be qualified accountants, probably in their late 20s/early 30s, with sound technical skills, well developed computer literacy and strong commercial acumen. They should be flexible and committed self-starters with an ability to make things happen. As the role will involve close liaison with the parent company and regular visits to France, an in-depth understanding of the French language and business culture is important.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L536.

Egor Executive Selection,
58 St. James's Street
London SW1A 1LD (071-629 9070)

EGOR
EXECUTIVE
SELECTION

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OUTSTANDING SENIOR OPPORTUNITIES IN FINANCIAL MANAGEMENT

ACCOUNTANTS/MBAS/ECONOMISTS GLOUCESTER



● rapidly evolving business.
● independent roles.

Nuclear Electric is responsible for all commercial nuclear power generation throughout England and Wales. With a brief to produce electricity as economically as possible, whilst retaining an overriding concern for safety and environmental care, the top priority is quality in our plant, methods and above all, people.

The Company is now planning for the 21st century and has identified the need for two senior finance professionals to join the Nuclear Accounting Group. The Group is responsible for accounting for the nuclear fuel cycle, station decommissioning and overseeing the collection of income.

Manager Nuclear Accounting £30-35,000+car

This is the No. 1 position and through a strong team is responsible for the production of financial information, long term estimates and nuclear accounting policies. Key elements of the role are extensive liaison internally with personnel from all business sections and with major external suppliers.

Suitable candidates are likely to be graduates, aged 30-45, and to have occupied senior positions within substantial organisations, possibly in the civil engineering, oil and gas, insurance or defence industries. Experience of complex contracting arrangements is essential.

Section Head Nuclear Accounting £24-28,000

The No. 2 role is a key member of the Accounting and Forecasting team. Applicants will be capable of monitoring all day to day work associated with Fuel Accounting, Fuel Stocks and Initial Stocking of Reactors. Additionally, the position supports the Manager in his duties and deputises for him as required. Age 27-35, potential candidates require c. 2 years' post qualification experience gained within large industrial organisations.

Both positions offer the opportunity to continue the development of Nuclear Electric into a highly commercial and competitive business. Confidence and good inter-personal skills are therefore important attributes. Interested candidates should also be computer literate.

Where appropriate a generous relocation package will be made available.

For further information please call the retained consultant, Colin Vesey, on 021-233 4421 (021-455 6468 evenings) or write to him at Douglas Llamblas Associates Ltd, Cavendish House, 39 Waterloo Street, Birmingham B2 4BR, quoting Reference FT. 4417, enclosing a detailed CV with daytime telephone number. Interviews will be conducted in Birmingham, Manchester and London.



Senior Financial Appointment

Cheltenham

£ Excellent + Share Options

Gulf Oil (Great Britain) Ltd is a wholly owned subsidiary of the worldwide Chevron Corporation.

The company refines crude oil and markets petroleum products throughout the UK. Based in Cheltenham it is one of the largest companies in the South West, with a turnover of over £1 billion including duty.

They serve the motorist through over 400 filling stations which offer a comprehensive range of services. In addition, fuels and lubricants are supplied to the full spectrum of industrial consumers ranging from small family businesses to some of the largest concerns in the UK.

Gulf backs its range of products with extensive customer support services ensuring that every customer receives quality products with quality service and is currently undertaking a major expansion of its marketing activities in the UK.

The company currently has a requirement for a strong financial manager to undertake wide responsibilities including:

- Statutory Accounting
- Local and Corporate Reporting
- VAT reporting
- Special billings to customers
- Ad hoc financial analysis and reports as required.

Candidates will be qualified accountants (ACA, ACCA, ACMA) aged 28-45 with at least 3 years' post qualification experience preferably in industry or commerce.

Well developed inter-personal skills and hands-on computer experience is essential as is the ambition and drive to succeed both in this role and beyond.

Interested candidates should contact Ian Leach ACMA, 29 St Augustine's Parade, Bristol BS1 4UL. Telephone: (0272) 276509.



Michael Page Finance

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

FINANCE DIRECTOR

Tiphook Container Rental is a major company within the highly successful Tiphook Group. With over 400,000 containers, it is the third largest container rental company in the world.

Reporting to the Managing Director, you will be responsible for all aspects of the Finance function and its development. You will be an integral part of the senior management team, and play a leading role in the business development of the company.

You are likely to be a graduate ACA/ACA with a proven successful track record. You will be a well-rounded strong team-player seeking an opportunity to demonstrate your initiative and creativity within a challenging environment. Strong analytical and communication skills are essential. You must have experience in hands-on pro-active management of a

large centralised finance team. Ideally, you will possess strong credit management abilities within a multi-currency environment, have EDP experience, and a knowledge of International taxation systems.

The remuneration and benefits package will reflect the importance of this role.

If you have the skills and experience to match our demanding criteria, please submit your CV in complete confidence to:

Tiphook Container

Jennifer Bowden,
Director of Human Resources,
Tiphook plc, Lancaster House,
7 Elmfield Road, Bromley,
Kent BR1 1LT.
Tel No 081 460 6060.
Fax No 081 466 5704.

FINANCIAL

£25,000 - 2

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COMMERCIAL DIRECTOR DESIGNATE

AN OUTSTANDING OPPORTUNITY FOR A YOUNG MANAGEMENT ACCOUNTANT

NORTH EAST £28,000+CAR+BENEFITS

This position offers significant career development within an autonomous subsidiary of a major UK plc. The business specialises in the production of high volume, high quality components for blue chip clients within the consumer packaging industry. The prime role is to be responsible for the total financial function of this autonomous plant. Major emphasis will be placed on strategic development, budgeting, planning and forecasting. A major requirement is the ability to develop through finance into a broad range of commercial issues. Candidates will be graduate qualified accountants aged 27-30. Experience in a manufacturing environment preferably FMCG is essential, together with a sound technical base. Some commercial experience would be advantageous. This is a highly proactive role, requiring well developed personal skills, as customer contact will be an integral part of the envisaged appointment. A relocation package will be available.

For a confidential application form telephone LORNA DINNING on Tyneside (091) 261 6940, or forward a comprehensive CV with full salary details to Northern Recruitment Group, Vine House, Vine Lane, Newcastle upon Tyne NE1 7PU. Please quote reference number CLD1045.



FINANCE DIRECTOR

NEW ROLE GREENFIELD OPERATION

NORTH EAST TO £35,000+QUALITY CAR+BONUS+BENEFITS

Major recent restructuring within this autonomous subsidiary of a major UK plc has resulted in the relocation of its substantial manufacturing base to the North East, thereby consolidating its operations. As leaders in the manufacture of plastic containers for the pharmaceutical industry, substantial capital investment will ensure fast growth in the market place. Reporting to the Managing Director, the successful applicant will be responsible for finance, systems and administration. Prime tasks include systems development, both financial and manufacturing, preparation of period management accounts, budgeting, strategic planning and forecasting. Candidates aged 30-35 will be graduate qualified accountants with systems development experience, particularly in manufacturing areas, and ideally some knowledge of acquisitions. Personal qualities of drive, energy and enthusiasm are prerequisite for this demanding new role.

For a confidential application form telephone LORNA DINNING on Tyneside (091) 261 6940, or forward a comprehensive CV with full salary details to Northern Recruitment Group, Vine House, Vine Lane, Newcastle upon Tyne NE1 7PU. Please quote reference number CLD1046.



UNIQUE OPPORTUNITY FOR YOUNG ACA

CLEVER + BENEFITS CITY + INTERNATIONAL TRAVEL

This is an exceptional opportunity for a young ACA to join an established international organisation as a forensic accountant.

Specialising in the field of investigative accounting and litigation support you will be based in the City and would enjoy worldwide travel. Each assignment is varied and interesting enabling you to develop your analytical, professional and communication skills.

Initially working on joint assignments you will quickly be given every opportunity to develop your knowledge and you will ultimately be involved in the development of future work for the international practice.

Above average accountants with initiative and who are eager to develop their professional skills should Send C.V. to:

Campas & Stratis
3rd Floor
17 Devonshire Square
London EC2M 4SQ.
(No Agencies)

CONTROLLER FOR EUROPEAN CO-ORDINATION CENTER IN BRUSSELS

SnyderGeneral makes, sells and services Air Conditioning, Ventilating, Air Filtration and Air Pollution Control products.

European sales are over USD 200 million, generating high profit.

European co-ordination center now set up in Brussels.

SnyderGeneral seeks a highly qualified Controller for Europe with 10 years experience in production, cost control, international tax planning and acquisitions. Should be multi-lingual.

Excellent pay package.

Send CV to SnyderGeneral Netherlands BV, P.O. Box 7928, 1008 AC Amsterdam, The Netherlands, for the attention of Mrs. L.C. Mul.

SnyderGeneral

Finance Accounting Manager

Our client, an independent major force in the Communications industry is recognised and respected for providing innovative network solutions all over the world.

This new position of Finance Accounting Manager has been created to provide and communicate vital business information which will help shape the future of the company's operation in the UK.

The successful candidate, who will be a senior manager reporting to the UK Financial Director, will manage all resources connected with Payroll, Cashier and Bought Ledger functions, with the prospect of additional management responsibilities within 6-12 months.

Key tasks are the preparation of UK and USA management accounts, financial analysis, supporting schedules, P&L forecasting and cash flow management. The candidate must be a finalist or qualified in CACA or CIMA with financial analysis experience. You should also be familiar with the latest computerised financial modelling tools, spreadsheets and the application of data in wider commercial issues. Equally important you will possess the appropriate management skills together with the ability to influence at all levels within the Company. In addition to an attractive base salary and comprehensive benefits package our client offers an intensive personal development programme aimed at enhancing your skills.

£24k
BASED IN
THAMES VALLEY

For a confidential discussion please telephone PHIL FOULKES on Reading (0734) 509151 (after hours answer phone), quoting reference no: 90/24. Alternatively write to him at Professional Search and Selection Ltd, 24-26 Queens Road, Reading, Berkshire RG1 4AU.

PROFESSIONAL
SEARCH &
SELECTION

Financial Controller

North West £35,000 + Car

Our client is a highly profitable PLC, engaged in property development and investment, predominantly in the UK. Their northern property portfolio has a capital value in excess of £250m.

A Financial Controller is now required to assume full responsibility for all financial aspects of their northern business. Key areas of involvement will include the re-organisation of control and reporting structures and the rapid development of computer-based systems. As a member of the regional management team, the individual must be fully capable of participating in the overall commercial management of the business.

Candidates, aged up to 40, must be qualified accountants with a strong track record of success in a demanding, hands-on environment, coupled with the strength of character and business maturity required to make an immediate impact within a dynamic organisation.

A comprehensive benefits package including share option scheme and full relocation facilities are available where appropriate. Interested applicants should write, quoting ref. 2633, to Alan Dickinson ACMA, Executive Division, Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ or (Tel: 061-228 0396).



Michael Page Finance

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

MIDLANDS £50,000+ GENEROUS BENEFITS

Director of Finance

This highly successful and ambitious financial services business aims to be the leader in its field in the Midlands within a three year time span. Its recent enviable record demonstrating the ability to out perform the majority of its competitors stems from a combination of focus and drive from a strong general management group, led by the Chief Executive who is both progressive and innovative. Emphasis has been placed on marketing, relating, information and change management in what has predominantly been a conservative business sector.

The organisation now needs the support of a strong Director of Finance to lead the finance function in the general management team. He/she will ensure that not only are the necessary financial and management information controls maintained during a period of rapid expansion and change, but also that there is a major input into the strategic planning and development process of the business.

You will probably be around 40 years of age, a qualified accountant who is commercial in nature, a strong manager and communicator and one who has the necessary innovative approach to contribute to the business development process and to challenge the Chief Executive on key issues when necessary. Your background will demonstrate rapid career development probably within the retail sector or financial services field.

Please send full personal and career details, including current remuneration level and day time telephone number, in confidence, to John Elliott, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 43 Temple Row, Birmingham B2 5JT quoting reference JE183.

Coopers & Lybrand
Deloitte Executive Resourcing

FINANCIAL CONTROLLER - SOUTH WEST

£25,000 + 2 LITRE CAR

Subsidiary of Expanding PLC
Fast Track Commercial Environment

This is an outstanding opportunity to join a recently acquired subsidiary of Eurocopy PLC, a highly successful and rapidly expanding quoted company, which is one of the United Kingdom's largest independent suppliers of photocopying equipment.

Reporting to the local finance director you will lead a small team responsible for the accounting and financial control of the subsidiary company. Key tasks will include the timely production of financial and management information, budgeting, capital expenditure control, systems development and enhancement.

Candidates should be qualified accountants of graduate calibre, probably aged 25 to 32, with a strong commercial approach. Good computer skills and a hands on management approach are further requirements for this key position. In addition you must be highly motivated with strong leadership and management abilities and be able to demonstrate first class technical and interpersonal skills.

This is a high profile role within this acquisitive group and prospects are limited only by individual ability.

Please apply in writing under private & confidential cover to:

Sorley Greig - Finance Director,
Equipu Plc, Ashridge Road,
Bristol BS12 4QU



INTERNAL CONSULTANT

New proactive role with progressive UK Group

South Yorkshire £30k + bonus + car + bens.

An active policy of strategic growth has enabled our client to develop from a strong core activity into new business sectors, making it a major player in the provision of services to industry. This philosophy, together with a commitment to the highest standards of quality and customer service, is reflected in its excellent profit growth record and turnover approaching £100m.

For this new senior management appointment, reporting directly to the Financial Director, a positive approach is required to meet the challenge of a high-profile role. Your initial brief will be to develop an appropriate strategy and methodology. Your small team will undertake a critical appraisal of organisational performance, making recommendations that will enable the Group to further improve operational efficiency and setting standards of best practice throughout all areas of the business.

You will be a qualified Accountant or MBA, commercially astute, with the enthusiasm and determination to excel in this demanding role. A degree of personal mobility will be required, primarily in the North and Midlands. For the right candidate prospects for progression, particularly into general management, are excellent.

To apply, please contact Jackie Hardisty at our Leeds office.

Ref LD266.



Quebec House, Quebec Street,
Leeds LS1 2HA. Tel. 0532-446611
Fax: 0532 446140

Also at: Birmingham, Liverpool, Manchester and Nottingham

A Division of ASB Barnett Stingside Plc

Finance Director Designate

City £50,000 + car + benefits

Kesperly Ltd is a well-established financial futures and commodity trading house that provides highly esteemed service to both private and professional clients. As a result of sustained expansion and thorough reorganisation, under the supervision of the Chief Executive, there is now identified a need for a Finance Director Designate. The role has responsibility for all aspects of the Group's financial functions which will include long term strategic financial planning as well as statutory and management reporting.

Main Board appointment is expected to occur within 18 months of successful integration.

The successful candidate will be a graduate qualified accountant whose career to date evidences both in-depth financial services experience in addition to team building and financial systems development.

In the first instance, interested applicants should send their details to Hugo Hunt of the Fleet Partnership who is advising on this appointment.

the fleet partnership

Financial Recruitment Consultants, 37/41 Bedford Row,
London WC1R 4JH. 071-831 1101 (24 hours)

PARLEZ-VOUS FRANCAIS?

Our client is a rapidly expanding hi-tech group, based in the UK, who urgently requires an ACCOUNTANT to manage the finances of two of its fledgling subsidiaries in PARIS.

As well as ensuring the prompt production of the monthly accounting and management information package, the successful applicant will be responsible for the preparation of cash flows and budgets, safe custody of inventories and the design and implementation of systems.

Fluent French and a knowledge of French accounting principles are essential. Previous experience of working in France is desirable.

If you are interested in this excellent career opportunity, then please write, in the first instance, to David Staddon, RA Advertising, Ames House, Kings Cross Lane, South Nutfield, Redhill, Surrey RH1 5NG

FINANCIAL DIRECTOR

Engineering

West Midlands

Package up to £45,000 + car

OUR CLIENT, the subsidiary of a well known plc, manufactures a wide range of components for customers both in the UK and overseas. A forceful and energetic financial executive is now required to head up the accounting function.

Reporting to the MD, the person appointed will need to review and upgrade the existing systems and procedures, improve financial disciplines, advise the Board and make a significant contribution to the development of the company.

Aged 30 to 50, candidates must be ACMA or ACCA with at least five years experience in financial management, ideally in the engineering industry. They must be thoroughly versed in the preparation and interpretation of financial and management accounts, and have detailed experience of standard costing, cash and credit control, systems development and computers. The ideal candidate will have a proven track record in financial control and innovation, coupled with good all round commercial acumen.

The remuneration package is negotiable and includes a profit related bonus, a company car, a pension scheme and medical insurance.

Please write or telephone for an application form or send a detailed CV quoting Ref: PBM/4554/DJD to David Dewhurst at the following address: PA Consulting Group, 6 Highfield Road, Edgbaston, Birmingham B15 3DJ. Tel: 021-454 5791.

PA Consulting Group

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EMI

EMI MUSIC INTERNATIONAL

Finance Manager

The Company: A member of the worldwide EMI organisation, EMI Music International markets, manufactures and distributes in 15 countries throughout South East Asia, Australasia, South Africa and Latin America.

The Role: Reporting to the Finance Director - EMI Music International, and responsible for:

- financial analysis, planning & control of a major international business
- identification of key local business issues and assessment of their impact at Sector and worldwide Group level
- advising and assisting territorial management in the development of established and profitable business
- identification and evaluation of proposals for new ventures and acquisitions

• development of financial management expertise and initiative at country level

The Candidates:

- aged 28-35, qualified accountants, probably graduates
- previous experience in international companies in the FMCG and Service sectors
- bright, analytical team players with first-class personal communications
- at least one language other than English desirable

Candidates should write in the first instance to Elizabeth Parry at the address below, enclosing their CVs. An excellent salary will be negotiated with the successful candidate and the position carries the usual large company benefits.

CHARDON AND ROSE
HUMAN RESOURCES CONSULTANTS
35 Hill Street, Mayfair, London W1X 7PD
Telephone: 071-491 0239 Fax: 071-493 8027

A unique career opportunity to play a pioneering role in a NHS Hospital Trust for a FINANCIAL DIRECTOR

London

£50,000 neg+car

Our client, the Royal London Hospital and its associated community services, has applied to the Secretary of State for Health to become an NHS self governing Trust. A decision is expected towards the end of November for commencement of the Trust in April 1991. Should the decision be not favourable, there would still be a requirement for the position but in a slightly different role until April 1992.

Comprehensive plans and financial budgets have already been made for the next 3-5 years and all aimed at radical improvement to clinical services under the Trust, through wide ranging rationalisation and modernisation. A feature of the NHS next year will be that income will be generated from contracts made by "purchasing" health authorities which will require different financial and management systems and skills.

We seek a Financial Director to join the Trust's board of management. Reporting to the Chief Executive and with a finance staff of 100, the incumbent will play a key role in the financial development and management of the Trust, which has a projected income of c.£150 million; additional responsibilities include systems and information.

The successful candidate will be a well qualified professional accountant, probably aged 35-45 years, with at least five years' management experience gained in the private and/or public sector.

Please apply to Dr Peter Banks, Euromedica Ltd, 5 Raleigh House, Admirals Way, Waterside, London E14 9SN or phone: 071-538 5164. Fax: 071-538 8362.

EUROMEDICA
Executive Search in Health Care
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FINANCIAL CONTROLLER

Watford

£35,000 + Car + Benefits

Our Client is an extremely successful Public Limited Company with an outstanding growth record. It is the leading IBM Midrange Systems Software House operating through its 12 Branches in the UK and overseas subsidiaries.

They now require a Financial Controller to head a small Head Office team and to work closely with the subsidiaries in developing and controlling the flow of financial and commercial information to the main board. Duties will include the key areas of consolidation and Board presentation, budget preparation and monitoring, treasury and cash management.

Applicants should be qualified accountants, aged at least 30. The ideal background will include plc exposure with a sound knowledge of computers and computer systems, with special reference to the development and application of management information systems.

If you feel you have the appropriate skills and experience, write enclosing a current curriculum vitae to:

Sieff Davidson,
22 Oaklands Gate, Northwood, Middlesex HA6 3AA
Quoting Reference: SD/B136

FINANCIAL DIRECTOR (DESIGNATE)

c £30,000

We are a small, successful business to business publishing company in Central London. Owing to recent expansion we are seeking a self motivated and commercially aware accountant to join the Executive team. We are backed by a major financial institution and have ambitious plans for the future.

You will have overall responsibility for the company's financial and administrative functions and we envisage the role will grow in proportion to the growth of the business. A board position is envisaged in the future.

The ideal candidate will be a qualified accountant aged between 29 and 35 with extensive managerial experience. An understanding of publishing would be advantageous as you will be expected to provide a major contribution to our future commercial development.

The salary package will be competitive dependent on age and experience.



Please send a comprehensive CV including current salary to Jackie Wild, Hutton Wild Communications Ltd, 63 Charterhouse Street, London EC1M 6HJ.

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Interested candidates should write in confidence to Nicholson International (recruitment consultants), Imperial Buildings, 48/56 Kingsway, London WC2B 6DX quoting reference 9123, or fax details on 071 404 8128 or contact David Nicholson directly on 071 404 5501 for an initial discussion.



NICHOLSON INTERNATIONAL

Appointments Advertising

also appears on page 20

Insurance Accountant

City

c £28,000 + Car

Our client is the European arm of a dynamic Japanese insurance company, forming part of one of the world's largest financial services organisations. Development plans and expected growth in European markets in the 1990s have created the need to strengthen the finance team by recruiting a qualified accountant. Reporting to the Chief Accountant, the successful candidate will assume responsibility for all management reporting and financial matters, including:

- * Management accounts and reporting to Head Office.
- * Statutory and regulatory reporting.
- * Systems development.
- * Control of investment accounting and

performance monitoring for a portfolio of c£30 million.

* Liaison with insurance managers and external advisers.

The role will involve some European travel.

The ideal candidate will be a Chartered Accountant, aged 25-30, possessing strong interpersonal skills and conversant with PC based software and spreadsheet packages. Experience of the insurance industry is desirable, but not essential.

Interested candidates should write to Joe Thomas at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 071-831 2000.



Michael Page Finance

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
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FINANCIAL CONTROLLER

Derby

c£35,000 + Car

Our client, Blue Circle Property Services, is a highly successful operation offering a comprehensive range of services to the group.

As a result of the internal success and development, the operation is now embarking onto a highly commercially orientated business programme, marketing its services to external clients.

In order to strengthen resources, a new role of Financial Controller has been created. Reporting to and working closely with the Director, the role will encompass the total responsibility for the finance function. The major initial thrust will be the development and implementation of effective performance measures and controls. The position will require a high visibility and considerable involvement with operational executives to assist the commercial development of their services.

Candidates must be qualified accountants with management experience, preferably gained within a professionally managed service environment. A close involvement in the development, implementation and monitoring of detailed operational plans is essential, together with the innovative skills and commitment necessary to make a significant contribution to both the commercial and financial management of the operation.

Our client can offer a highly attractive employment package including company car and generous large company benefits. The position offers an excellent senior level opportunity to contribute at an exciting development stage of the operation.

Please apply in writing quoting reference N/16/90 with full personal, career and salary details to Chris Scott.



Peat Marwick Executive Selection

St. Nicholas House, 31 Park Row, Nottingham NG1 6JR.

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ITS Intertrade Scientific
Corporate

GROUP FINANCIAL CONTROLLER

Munich

Competitive and flexible salary

Our company, a recognised leader in its field, markets specialised high technology products to end users in Europe. Based in the Corporate Head Office and reporting to the President, the Controller will take responsibility for:

- Co-ordination of group consolidation and reporting
- Budget preparation, review and control using goal settings and performance analysis
- Internal control systems and procedures throughout the group
- Treasury

The successful candidate should be:

- A qualified accountant ideally with experience of financial management and audit either in industry or public practice
- Capable of working with U.S. and European management and liaising with Financial Managers in four European countries
- Travel throughout Europe is essential
- Experienced on PCs and Lotus 1,2,3 or similar packages
- Fluency in English is essential
- Knowledge of U.S. reporting should be an advantage

This is an ideal role for a motivated accountant with industrial experience to gain a sound and varied European background.

If you are interested in this exciting opportunity, please apply with detailed C.V. (plus photo) to:

ITS Intertrade Scientific
Corporate

Mr. Wolf Erben, President
Benzstr. 28, 8033 Puchheim/Munich
West Germany

alternatively, telephone us on Monday from 1400 - 1700 on (089) 80085-41. We are looking forward to your application!

LLOYD MANAGEMENT

Central role at
PLC HQGROUP
FINANCIAL
ACCOUNTANT

London W1

c£35,000 + car

Having a turnover exceeding £200m derived from a broad range of manufacturing interests our client has recently decided to strengthen further its finance function.

Within this dynamic environment a need has been recognised for a Chartered Accountant with sound practical and technical ability. As part of a small head office team you will work closely with the Board in the provision of statutory and management information and with the operating divisions in the direction of their businesses. There will be an opportunity in the short term to specialise or develop expertise in one or more key areas such as planning, treasury or systems.

Aged 28-33, post-qualifying experience will include the use of reporting, consolidation and analytical skills gained in a sophisticated, quoted group where presentation talents are important.

The role will develop further and offers attractive career opportunities to individuals with drive and ambition.

Please write, enclosing a career/salary history and daytime telephone number, to John Sleigh FCCA quoting reference J945/F.

Move into
Management
Consultancy

Central London

To £40,000 + Car

Since its launch in 1988 our client, a growing firm of Management Consultants, has successfully developed a varied blue chip client base.

They currently seek to recruit a qualified accountant, aged 25-35 to work within their financial systems team. The post will involve the specification, selection and implementation of computerised financial systems. Initially you will be part of a small team working with clients at all levels. New members are quickly given responsibility for handling major assignments.

The successful candidate will have some experience of one or more of the major accounting packages and the ability to assist in the future development of the firm's business.

In return for your commitment we offer a highly competitive salary package, car, bonus, pension scheme etc. To apply please contact Lee Acton, Senior Consultant on 071-233 5204 or fax your c.v. to him on 071-233 6971.

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Director of Finance

£34K-£36K + p.r.p. and Car

Can you put a price
on London's health?

The London Ambulance Service is much more than an integral part of the capital's life. Already the world's largest ambulance service, we have made a huge commitment to developing a uniquely professional and responsive approach - embracing statutory legislation that will see a stronger shift towards implementing business techniques.

As we move towards becoming a self-governing Trust, we are looking for an assiduous, qualified accountant to join our management team. With financial expertise centred on optimising the performance of both Patient Transport and Accident and Emergency Services, the Finance Director will be vital in establishing the strategy, financial structure and commercial impetus for an organisation with a budget exceeding £51m. Reporting directly to the Chief Executive, your results will be immediately recognised - involving the organisation and management of accounting systems, annual budget and forecast, a capital development programme and contract negotiation. Your professional instincts, planning skills and forward-thinking will be crucial to our success in serving the public while competing in a more commercial environment.

A fully-qualified professional with at least five years' management experience, you will have the flexible approach and self-motivation necessary to realise the potential of one of London's leading services.

An excellent salary is offered, with a benefits package that includes leased car and performance related pay.

Please write in complete confidence with full career details to John Wilby, Chief Executive, London Ambulance Service, 220 Waterloo Road, London SE1 8SD. We are an equal opportunities employer.

Group Accountant
Publishing

London SW1 £33,000 + car

Our client, a well respected and profitable publishing group, is looking to recruit a young, qualified accountant to the newly created position of Group Accountant.

Reporting to the Group Financial Director, the role will take responsibility for the Group's financial accounting and management information activities on a daily basis and ensure that accounting and computing policy is implemented to provide a cost effective service for the Group.

The Group is situated in newly refurbished prestigious offices within easy reach of Victoria and Vauxhall main line and underground stations.

Applicants for the position should be qualified financial accountants with a minimum of three years post qualification experience and who are looking to make a positive contribution in, what may be, their first commercial role. Familiarity with modern computing techniques is essential and candidates should be able to demonstrate a commercially orientated and progressive career development path to date.

Interested applicants should send a comprehensive curriculum vitae with salary details, a daytime telephone number and quoting reference 6117/45 to:

Jeff Cottrell, Senior Consultant
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

**Pannell Kerr
Forster
Associates**
MANAGEMENT CONSULTANTS

FINANCIAL
CONTROLLER

Property Sector

£30K + bonus + car City of London

Our Client, a highly reputed independent firm of Chartered Surveyors, with offices throughout the UK and Europe, has seen consistent profitable growth over the past decade and currently employs some 300 people.

As part of its continuous enhancement of professional standards, the Property Management Services Department, with a prestigious client portfolio, collecting over £50m rental income annually, has created a new highly visible position of FINANCIAL CONTROLLER to take charge of all its financial operations. Reporting directly to the Partner in charge, this coordinating role includes three main areas of responsibility:

- property management accounting
- departmental management
- ongoing computer projects

Highly skilled in man management, with strong organisation and team leadership ability, you will have hands-on experience of the redesign of computerised accounting systems. Property sector knowledge would be useful but is not essential - far more important is the commercial acumen to respond effectively to client needs.

Please send full CV to Dorothy Morlett, Hogg Clarke International, 44 Holly Walk, Leamington Spa, CV32 4HY.

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GROUP
FINANCIAL CONTROLLER
(Director Designate)

London

c. £50k + car

Our client is a successful and expanding public company.

A Financial Controller is now required to take firm control of the group and divisional finances. Reporting to the Chairman, he/she will make an important contribution to the successful running of the business and to the formation of policy for the future. This will entail gaining a thorough understanding of the finances of the group and the divisions, reviewing systems, procedures and controls, advising on acquisitions and providing vital management information on which to base strategic decisions.

Candidates will be Chartered Accountants, probably aged in their early 30's, who have gained some post qualification experience in a major firm before moving into commerce. A strong personality with an enquiring mind is essential, together with managerial ability and commercial acumen.

An attractive remuneration is negotiable and future prospects are excellent with appointment to the Board expected within 12 months.

Please apply in confidence, quoting reference 042/3, to Mike Cross at Barkers Selection, 30 Farringdon Street, London EC4A 4EA. Tel: 071-534 1143.

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Bata

The Bata Shoe Organisation is the leading marketer and manufacturer of footwear with more than 6000 stores and 70 factories, employing 70,000 people around the world.

CHIEF FINANCIAL OFFICER
PAKISTAN

This senior position will be responsible for all finance and controlling functions and will report directly to the Managing Director.

- Preference will be given to candidates with a university degree related to Finance and Administration and C.A. or equivalent designation.
- Candidates should have a minimum of 5 years experience, preferably at an international level.
- This is an interesting opportunity for a self-starting professional to work in an international environment.

The company offers commensurate remuneration and attractive benefits package along with good career opportunities within the Bata Shoe Organisation.

Please write to: Mr B. Gunnarsson,
Vice President Personnel,
Bata Shoe Organisation
c/o Essex Commercial Enterprises Ltd.,
P.O. Box 4DB, London W1A 4DB, England

FINANCE MANAGER

Package to £33K inc Car.

Our client, based in the West End of London, is the UK subsidiary of a major US Financial Services Group. Their success during the 1980s has led them to become one of the world-wide market leaders in their sector. As a direct consequence of this success and their continued growth, they wish to appoint a key individual to their senior management team.

Responsible for providing close support to the Finance Director in day-to-day operational matters, you will also be expected to achieve the following objectives:

- Development of Computerised Client Reporting Systems
 - Development of Management Reporting Methods and Structures
 - Ongoing Business Evaluation
- You will probably be a recently qualified ACA or ACCA with an acute understanding of the service industry ethos and will be able to demonstrate the following additional qualifications:

- Thorough understanding of Computerised Systems including use of spreadsheets/Lotus 123
- A committed team player
- Good verbal and written communication skills

A key position in a fast-moving area which will offer the successful candidate significant career opportunities. For further information and an early interview please contact:

Robert Milne or Chris Wallgrove

Executive Division, Crawford Recruitment Services

071 255 3580

Walmor House, 288 Regent Street, London W1R 3HE.

FINANCIAL
DIRECTOR

DESIGNATE

Due to internal reorganisation, the position of Financial Director Designate, (Board Appointment within six months) has become available. Package c.£30K Salary + Bonus + Executive car + other benefits, including share options.

We are an international business which offers a complete range of manufacturing equipment and services to a niche market. We are in autonomous trading division of a successful and growing plc.

The key tasks will include:

- working with senior management on business plans, forecasts and budgetary control
- ensuring compliance with group accounting requirements and providing timely and meaningful management information
- taking responsibility for the management and development of the in-house computer system.

The successful candidate will be a qualified accountant, and will probably be in the age range of 28-35. There is a requirement that the candidate can demonstrate that he/she has had full responsibility for accounting and management reporting.

The position will be based at our head office in Hertford.

If you are interested in the above position, please send your updated C.V. to the Chief Executive, CASE-ICC Ltd, Unit 10, Caxton 188 Industrial Estate, Hertford SG13 7NE.

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ROBERT HALF

Our Client, a small but progressive division of a major advertising Group, seeks to strengthen their head office finance team.

Reporting to the M.D. of the division, you will be fully responsible for the production of financial information for the company. In addition you will advise Directors and Senior Managers on the financial implications of their actions and improve the reporting on individual projects.

Aged 25-30 and a qualified Accountant with 1-2 years' PQE within a commercial environment, your experience should encompass both management and financial accounting and the use of computerised systems. A good communicator and self motivated, you should possess a practical approach to problem solving.

Please apply directly to Penny Ridgell at Robert Half, Freeport Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 071-836 3545 or evenings on 081-853 4009. Alternatively, fax your details on 071-836 4942.

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GROUP CHIEF ACCOUNTANT

West Midlands c.£30,000 + profit share + car

Our clients are a long established profitable and expanding private engineering group with manufacturing centres both in Europe and the UK supplying worldwide markets. Group turnover is approaching £20 million.

This newly created appointment requires a high calibre accountant to report to and work closely with the Group Chairman, to be responsible for all financial matters and assist with strategic planning.

A key initial requirement is to improve financial planning and budgeting and to raise the standard of financial reporting.

The appointment would suit a qualified accountant (probably chartered) who is a good leader and communicator capable of clearly stating objectives and organising a financial team to achieve to timetable.

The Group has exciting hitherto unrealised potential and this appointment provides a unique opportunity to make a major contribution to future planned developments. A full and generous benefit package is available.

Please send a confidential C.V. in the first instance to Kathy Smith, Personality Assessment Ltd, 1-3 The Burgess, Coventry CV1 1HN.

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